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The University of Chicago

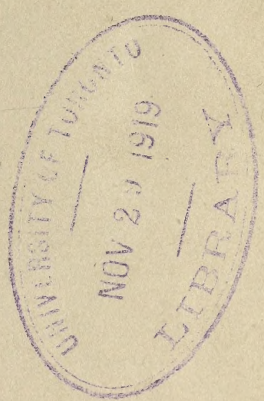
THE NATURE OF THE RELATIONSHIP BETWEEN ETHICS AND ECONOMICS

A DISSERTATION

SUBMITTED TO THE FACULTY
OF THE GRADUATE SCHOOL OF ARTS AND LITERATURE
IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

DEPARTMENT OF PHILOSOPHY

BY
CLARENCE EDWIN AYRES



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PREFACE

A study of the relation between the problems of ethics and economics must have its roots in the material, social, and intellectual environment from which it springs. In this respect it is, like everything else in the world, a part of the evolutionary process. Whatever conclusions a man may reach on this or any other subject, he may be sure of one thing—that those conclusions were not attained "independently" of the intellectual influences under which fortune has placed him.

If he would make his ideas clear to other people, therefore, a man ought to make the discussion of those streams of thought from which he has drawn those ideas a part of the exposition of his own particular conclusions; for if he does this, his readers, already familiar with the general movements of thought, can follow his individual excursion naturally and easily.

If, on the other hand, a man prefaces his remarks with a discussion of some other things, from which he thinks he can lead more logically to the statement of his theories, he not only endangers the clearness of his exposition but even puts himself in the ridiculous position of trying to improve upon nature. Like the schoolgirl who wrote, "Newton discovered three very good laws which it would be well for all of us to follow," he seems to say: "This idea of mine must have had its source in some earlier speculation; therefore I will find for it as worthy a source as I can."[1]

The ideas which were the real cause of the direction one's thinking has taken are obviously a more fitting introduction to the statement of the results of that thinking than any others, however authoritative or venerable, could possibly be. The present study of the relationship between ethics and economics has grown out of an attempt to understand the functions of those sciences which was inspired by my first teacher of philosophy, President Alexander Meiklejohn, and has been chiefly guided during the intervening

[1] Preferably, for the philosopher, in Plato and Aristotle.

years by his friendly, though ruthless, criticism. Hence I think that I can develop my present notion of the complementary nature of those functions both more clearly and more sincerely through a preliminary exposition of what I myself conceive the functions of ethics and of economics to be than through the usual critical discussion of the opinions of other and more authoritative writers on the relation of ethics to economics.

But although clearness and sincerity are sufficiently important considerations to determine the form which this paper will take, it is comforting to know that in this particular case no other course is open than the one which has already been indicated; for if one were to commence a study of this sort with a careful critical survey of the "field," intent upon making this theory of the relation between ethics and economics seem to evolve from other men's ideas of that relation, that survey of the current theories would either be a mere anthology or it would be an analysis of the conceptions of ethics and economics of which the relation theories are particular manifestations. And in this case the introductory investigation would be nothing more nor less than a study of the nature of ethics and economics carried on under the mask of a study of current views of the relationship.

Thus, for instance, the most significant feature of the notions of this relationship held by the school of "value philosophers" is that they are making the marginal utility economics the base for all their operations. Revolting from von Wieser's idealization of economics as the complete science of value,[1] they have proceeded not only to make ethics "ein Zweig der allgemeinen Werttheorie"[2] of which economics is another branch, but have even made this value philosophy a sort of universal marginal analysis, and thus have marginalized ethics.[3] Hence a discussion of the relation theory implicit in the German-American value philosophy reduces itself to a discussion of the marginal utility conception of economics and of the notion that ethics is a metaphysics of "value."

[1] See Perry, "Economic Values and Moral Values," *Quarterly Journal of Economics*, XXX, 445; also Urban, *Valuation*, p. 3.

[2] C. von Ehrenfels, *System der Werttheorie*, II, 6.

[3] See Urban, *op. cit.*, pp. 328 ff.; also Ehrenfels, *op. cit.*, Book II, chap. iii.

Similarly, it is not possible to understand Croce's theory that "the individuals who seem to be merely economic seem to be also moral, and inversely moral institutions are also economic, and economic moral,"[1] except through a recognition of its central feature—Croce's distinction between ethical and economic activity. For since Croce makes the field of economics include all activity which proceeds toward individual ends, and since he excludes from ethics all that does not seek a universal end,[2] "we cannot fail to recognize" that Croce has put into the economic form of practical activity—"the judgment of convenience"[3]—all the content of both economic and moral affairs as we understand them. Croce's "moral" life is so dehumanized as to belong in quite another world of discourse from the morality with which this paper deals. Therefore the connection with his conception of the relation of the moral to the economic could be made only through a careful study of the differences between his notions of economic and moral problems and those which the writer holds.

The same thing is true of Fite's peculiar view of the relation of economic and moral problems. Any attempt to deal with it becomes at once a discussion of the nature of economic and ethical problems and theories. Fite's proposition, that "the root of all the differences between the moral world and the economic world 'lies' in this distinction of the more intimate and more distant relations,"[4] is clearly an outcrop of his conception of the nature of the economic and moral organization of society. The clue to this is to be found in his identification of "economic" with the economy of the nineteenth century and the theory which it produced. "All that apparatus of exchange which constitutes what we call an economic world and supplies the material for a science of economics, is distinctively a feature of *modern* commerce."[5] For Fite, therefore, the economic world is a world that is here, and economic theory is essentially given. Economic problems are

[1] B. Croce, *Philosophy of the Practical* (English translation), p. 311.

[2] *Ibid.*, p. 313. [3] *Ibid.*, p. 316.

[4] Warner Fite, "Moral Valuations and Economic Laws," *Journal of Philosophy, Psychology, and Scientific Method*, XIV, 10.

[5] *Ibid.*, p. 14.

limited to the operation of the system already taken for granted. And since the economic order is an automatic machine propelled by the impersonal forces of competition, the field of the moral judgment must be that of the personal life—after business hours. So to question Fite's relation theory is really to question his whole conception of the field of economics and ethics. Is the economic order really petrified, or is it so susceptible to genetic influences that every economic act entails problems of the effects upon the social order, problems of institutional readjustment, problems of progress toward an ideal? Thus the relation between Fite's theory and the writer's can be traced only through the larger disagreements, involving "the fundamental nature of the universe."[1]

It is not necessary to multiply examples; it is already clear that a study of the logical differences between this and other theories of the relation of ethics and economics must necessarily be an analysis of the underlying conceptions of the nature and function of those sciences.

Since, therefore, my ideas must find their logical basis in a discussion of the conceptions of ethics and economics between which some relationship is to be imputed, and since they are a concrete expression of the notions of ethics and economics to which I have come, under the influence of Professor James H. Tufts and Professor Walton H. Hamilton, I am sure that the whole paper will be much more clear and straightforward if its conclusions are shown to be the direct development of the social and intellectual forces which have produced those movements.

Waiving all claim to originality beyond that of clear exposition, I shall endeavor to make my ideas of the nature of the relationship between the problems of ethics and economics appear to the reader —as they do to me—to be only the explicit recognition of the relation between these sciences which is already implicit in the recent developments of ethical and economic thinking.

C. E. A.

[1] W. H. Hamilton, "Economic Theory and Social Reform," *Journal of Political Economy*, XXIII, 562.

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CHAPTER I

THE FUNCTION AND PROBLEMS OF ETHICAL THEORY

I

If the content of the science of ethics is assumed to be determined by the treatises of ethicists, then the history of ethics is the history of a dualism. For practically all the work which has been done in ethics up to the present time has been done simultaneously in two fields and upon two problems. From the very first ethics has attempted, on the one hand, to give a causal explanation of moral phenomena and, on the other hand, to propound a theory of what things are good and what acts right.

Doubtless these two problems are still indistinguishable from one another in the minds of many students of ethics. But the difficulty of distinguishing between them does not lie in an external identity. So far as their external aspects are concerned, the analysis of the moral consciousness, the examination of the moral judgment, the determination of the nature of conscience and of duty—these problems, or, rather, this problem, is clearly enough a different thing from the formulation of rules of conduct and the definition of a moral ideal. Formally speaking, the analysis of the moral judgment is a description of what is, while the formulation of the goal of right living is a description of what ought to be.

The reason for the assumed indistinguishability of these two problems lies beneath the surface differences in the relation which has always been supposed to exist between their answers. The fundamental postulate of ethical thinking from earliest times to the twentieth century has been the proposition that the only source of moral guidance and moral progress is the study of the phenomena of the moral judgment. The major undeclared assumption of practically all ethicists up to modern times has been the belief that the answer to the question, "What ought I to do?" is to be found only in a theological, or metaphysical, or psychological analysis of the process to which the word "ought" refers.

As a result, however, of the gradual realization to which ethics came at the end of the last century, of the cosmic extent and complexity of the moral problem, a grave crisis has overtaken the science. We are today in the process of bringing the tacit assumption of the dependence of moral doctrine upon metaphysico-psychological speculation into the light of ruthless criticism.

The magnitude of the issues of this crisis can be appreciated properly only in a historical study of ethical methodology; but such a study can only be indicated in this paper, since, if it were not limited to a mere sketch of a single period, its proportions and importance would entirely subordinate the purpose for which this interpretation of the recent history of ethics has been made. For that purpose is determined by the future rather than by the past methodology of ethics. If our suspicions of the practical efficacy of the analysis of moral consciousness should appear to be well founded, and if, during the next decade, they should be heightened and justified, then that field will have to be definitely abandoned by students of morals. The attempt to reduce the life of the individual and of society to some sort of moral order—to make life more worth living—will begin, not with a brief for the rationality of conscience or for the instinctiveness of moral reactions, but rather with a survey of the conditions of social life. In order to put more meaning into human existence, to make of it a more orderly and less futile thing than it has ever been, we shall try first to understand the meaning of the life we are now leading. If this paper can indicate the relation between this undertaking and the more specific investigation with which the economist is engaged, it will have defined certainly not the whole methodology of the new ethics, but at least one small corner of it.

II

The three great ethical treatises of the later nineteenth century contained little augury of the approaching crisis in ethical theory. But in so far as they carried the traditional types of ethical speculation to a higher degree of refinement than had ever been reached before, they constituted one of the important causes of the revulsion against the traditional ethics. The very barrenness of work so

monumental in scope as that of Sidgwick, Green, and Martineau contributed largely to the formulation of a new ethical methodology.

Sidgwick recognizes the dual nature of ethical inquiry at the very outset of his book. "I prefer to consider Ethics as the science or study of what ought to be," he says.[1] This is a clear statement of the problem of human welfare; if this is true, it is the business of ethics to construct a system of moral precepts which shall define the good and the right. One cannot restrain a smile on finding that the sentence following the one quoted above is the author's apology for the fact that ethics—and his book—"consist, to a great extent, of a psychological discussion as to the 'nature of the moral faculty.'"[2]

The answer to this paradox seems to Sidgwick to be somewhat as follows: "We are generally agreed that reasonable conduct in any case has to be determined on principles";[3] there are many different "principles" which the common man may make the basis of his conception of right and wrong; "the common sense of men cannot acquiesce in conflicting principles";[4] therefore it is the ethicist's business to determine by a critical examination which "principle" is the correct one. Consequently the book is to be a discussion of "methods of ethics," by virtue of the assumption, explicitly stated as a matter of "general agreement," that moral guidance can be afforded only by a "principle," i.e., a description of the "nature of the moral faculty."[5] The author even goes so far as to deny definitely any intention of supplying "a set of rules for conduct."[6]

At the same time the criterion according to which the "methods of ethics" are judged is their fruitfulness in "rules for conduct." This is fair enough, in view of the major assumption that principles of analysis of moral phenomena are the source of every moral precept.

Empirical hedonism fails because, even though one believes that morality consists in each individual's striving to attain a maximum of happiness for himself,[7] one can draw no practical references from

[1] Sidgwick, *Methods of Ethics* (4th ed.), p. 4.
[2] *Ibid.*
[3] *Ibid.*, p. 5.
[4] *Ibid.*
[5] *Ibid.*, pp. 6–14.
[6] *Ibid.*, p. 14.
[7] *Ibid.*, Book II, chap. i.

that proposition on account of the incommensurability of pleasure.[1] The attempts to squeeze water from the hedonistic stone by abandoning the calculus of pleasures for an objective estimate of the sources of pleasure are also without result. The common-sense estimates of the sources of pleasure are not sufficiently stable;[2] the claim that happiness varies with attention to duty is not borne out by the facts;[3] and no scientific statement of the causes of pleasure and pain can supply the detailed information which a moral situation demands.[4] Therefore, concludes Sidgwick, hedonism is a failure.

Intuitionism, the second "method of ethics," seems to Sidgwick to be a theory "that we have the power of seeing clearly that certain kinds of action are right and reasonable in themselves, apart from their consequences";[5] that is, it is a different theory of the "nature of the moral faculty." And Sidgwick tests its validity just as he does that of egoism, by the method prescribed by the assumption that if "a set of rules for conduct" cannot be deduced from the theory, then the latter is incorrect.

If the major premise of intuitionism is true, then moral intuitions must either be heterogeneous and contradictory or organized around a set of intuitively determined moral axioms. Such formulas are not difficult to find, but they are usually deficient in clearness and precision.[6] In order to raise these axioms by reflection to a higher degree of precision than they assume in common thought, Sidgwick undertakes an analysis of them through a hundred and fifteen pages,[7] as a result of which he concludes that they are hopelessly deficient in clearness and precision, in self-evidence, in mutual consistency, and in universality of acceptance.[8]

Still, says Sidgwick, there are certain moral principles, such as prudence, justice, and benevolence, which are intuitively known.[9] In particular, the intuition establishes the principle of rational benevolence. The utilitarian theory of moral consciousness is not logically complete without the postulate of an intuitive principle of

[1] Sidgwick, *Methods of Ethics* (4th ed.), chaps. ii–iii.
[2] *Ibid.*, chap. iv.
[3] *Ibid.*, chap. v.
[4] *Ibid.*, chap. vi.
[5] *Ibid.*, p. 201.
[6] *Ibid.*, pp. 214–15.
[7] *Ibid.*, pp. 216–331.
[8] *Ibid.*, Book III, chap. xi.
[9] *Ibid.*, chap. xiii.

benevolence,[1] nor can it otherwise meet the criticisms of intuitionism and egoism.[2]

It is obvious that the crux of Sidgwick's ethics must be his demonstration that utilitarianism, reinforced by an intuitional principle of rational benevolence, is an explanation of the moral life from which something positive may be inferred. But this demonstration fails to materialize. The author contents himself with showing in one long chapter that the moral dicta of common sense have a large flavor of utilitarianism in them. The moral conduct of the common man—the exercise of the "moral sense" of popular belief—is unconsciously utilitarian.[3] Of course it would be easy to assume that the extreme compatibility of the utilitarian explanation with the facts of common-sense morality indicates that the latter has the utilitarian explanation of moral phenomena as its source. But apart from the strain which such a proposition would place upon the credulity of the critic, this theory would still have to encounter the facts of the unclearness and inconsistency of current moral precepts. Sidgwick sees this difficulty and concludes "that we cannot take the moral rules of Common Sense as expressing the *consensus* of competent judges, up to the present time, as to the kind of conduct which is likely to produce the greatest amount of happiness on the whole."[4]

But the only alternative is to show that out of the utilitarian theory there can be deduced a "rule of conduct" a priori. But Sidgwick is too sane a man to believe that such a thing is possible. He says:

> I hold that the utilitarian, in the existing state of our knowledge, cannot possibly construct a morality *de novo* either for man as he is (abstracting his morality), or for man as he ought to be. He must start, speaking broadly, with the existing morality as a part of that order; and in deciding the question whether any divergence from the code is to be recommended, must consider chiefly the immediate consequences of such divergence, upon a society in which such a code is conceived generally to subsist.[5]

But what sort of consequences should be observed? How should the consequences be calculated, since pleasures are incommensurable? There is no answer to these questions[6]—nothing but the

[1] *Ibid.*, chap. xiii; Book IV, chap. i.
[2] *Ibid.*, chap. ii.
[3] *Ibid.*, chap. iii.
[4] *Ibid.*, p. 462.
[5] *Ibid.*, p. 469.
[6] *Ibid.*, p. 472.

bare conviction that the thing can be done. "No doubt a thoughtful and well-instructed Utilitarian may see dimly a certain way ahead."[1]

And so the study of *Methods of Ethics* ends as it began, with the unsupported assumption that in some inexplicable way the guidance of human conduct toward the good and the right has been advanced by the decision that the moral consciousness of man works thus and not so. The task is begun by virtue of an alleged "general agreement" that conduct is determined by the principles in terms of which moral behavior is explained, and it is finished with "no doubt" that a man well instructed in the "rational benevolence" theory of utilitarianism may somehow make some progress.

At the very end of the book, however, there is a section which hints very strongly at the course which ethics has followed in recent years. By what methods can a man ascertain the particular modifications of positive morality which it would be practically expedient to attempt to introduce? Empirical hedonism, says Sidgwick, faulty as it is, seems the only method—"*at least until the science of Sociology shall have been really constructed.*"[2] To be sure he confesses later that even the development of the social sciences will not solve the problem of the subordination of values—that if utilitarianism means anything such a problem must remain a hedonistic calculus.[3] Of course it was hardly to be expected that the author of a profound exposition of the theory of utility should see that the problem of the relative importance of values is no less a social problem than that of the recognition of new and more complex social values. Yet it is very significant that Sidgwick saw already that the ethics of the future was to be much more a study of the social order and much less an examination of the moral life of the individual.

III

When the introduction to Green's *Prolegomena to Ethics* is examined for vestiges of the assumption of the fruitfulness of a dual methodology in ethics, its similarity to the first chapter of *Methods of Ethics* is very striking. Green, like Sidgwick, explicitly recog-

[1] Sidgwick, *Methods of Ethics* (4th ed.), p. 469.

[2] *Ibid.*, p. 471. [3] *Ibid.*, p. 474.

nizes the dual task which has been traditionally assigned to ethics. "It has generally been expected of a moralist that he should explain not only how men do act (i.e., in making moral judgments) but how they should act."[1] But moral philosophy has fallen into disrepute because it has had "no interest for the imagination and no power over the heart."[2] It has become a natural science, seeking to explain causally the facts of moral life.[3] But in so far as ethical speculation has been reduced to a natural science, the "practical or preceptive" part of ethics has become obsolete. Thus utilitarianism, "instead of telling men of a greatest sum of pleasures which they ought to seek, and which by acting in the light of a true insight they may attain, ... will rather set itself to show how the phraseology of 'ought' and 'ought not,' the belief in a good attainable by all, the consciousness of something that should be though it is not, may according to this philosophy be accounted for."[4] Yet with such a clear insight into the futility of one analysis of moral consciousness, Green announces his intention of embarking upon the same voyage, though in a different ship. The *Prolegomena* is to be a metaphysical analysis of the fundamental nature of the cosmos, for the purpose of determining whether there is in man's being a principle which "consists in the consciousness of a moral ideal and the determination of human action thereby."[5]

A complete discussion of the metaphysical basis of Green's ethics would contribute nothing to this examination of the assumption of the fruitfulness of such a study. There is, in the individual consciousness, a reproduction of the universal and eternal consciousness, which is contemplated by the individual as the image of his own perfection. Virtue is the devotion of the moral man to the realization in his own life of this perfection, which, in turn, consists in the complete dedication of human endeavor to this self-realization.[6]

This statement of Green's theory is, of course, a piece of cyclical reasoning of small diameter; little moral guidance could be wrung

[1] T. H. Green, *Prolegomena to Ethics* (3d ed.), p. 9.

[2] *Ibid.*, p. 4.

[3] *Ibid.*, pp. 4–10.

[4] *Ibid.*, pp. 9–10.

[5] *Ibid.*, p. 11.

[6] *Ibid.*, p. 309.

from such an ethics. The statement may be unjust, yet Green did not actually make any practical deductions from his ethics which could not as well be associated with this résumé. Green recognized that he was in difficulties[1] and set himself in the fourth book to the specific task of justifying his own work.

First he decided that in the consideration of what ought to be done only motives need be taken account of, as a consideration of motives includes a consideration of effects.[2] "The actions which *ought* to be done, are actions expressive of a good will, in the sense that they represent a character of which the dominant interest is in conduct contributory to the perfection of mankind, in doing that which so contributes for the sake of doing it." Still there is the problem, still recognized by Green,[3] whether an inquiry into the motives of an act even by the doer himself can achieve "either truer views of what ought to be done, or a better disposition to do it."

As a matter of fact Green was logically consistent enough to see that, regardless of the conscientiousness with which a man examines his own motives, "he will not for doing so, directly at any rate, be the better judge of what he should do, so far as the judgment depends on correct information or inference as to matters of fact, or on a correct analysis of circumstances. But a man's doubts as to his own conduct may be of a kind which such information and analysis are principally needed to resolve."[4] But he attempted to extricate himself from this difficulty by showing that "it is a sufficient spring for the endeavor after a higher goodness that I should be ashamed of my selfishness, indolence, or impatience, without being ashamed also of my ignorance and want of foresight."[5]

This seems rather like the assertion that it makes no difference whether you know what you are doing, or even why you do it, so long as you do it with due humility and with good-will to all. This is not a very fruitful doctrine in a society like ours. Green saw that still he had not touched the practical problem—and so had not justified the assumption on the basis of which the whole task was undertaken. "It remains to be asked," he says at the end of the

[1] T. H. Green, *Prolegomena to Ethics* (3d ed.), pp. 313–14.

[2] *Ibid.*, pp. 291–92.

[3] *Ibid.*, p. 323.

[4] *Ibid.*, pp. 331 ff.

[5] *Ibid.*, p. 334.

book,[1] "by what rule effort is to be guided, which we suppose the idea of a possible human perfection thus to initiate." Unless this problem can be solved "it would seem that our theory of the basis of morality, though its adoption might save some speculative persons from that distrust of their own conscience to which Hedonism would naturally lead them, can be of no further practical value."[2]

And in the end Green gave the game away, saving himself as best he could by the reiteration of his still unjustified assumption in the assertion that "we all recognize virtues which carry in themselves unfulfilled possibilities,"[3] and by the distinction, which served him in tight places several times, between motives and effects. "No theory whatever of the 'Summum Bonum,' Hedonistic or other, can avail for the settlement of (the question of what law or usage or course of action contributes to the better-being of society) which requires analysis of facts and circumstances, not consideration of ends. But it (a theory such as this) will sufficiently direct us in regard to the kind of effects we should look for in our analysis, and to the value we should put upon them when ascertained."[4] How this is to be done forms no part of theory, yet that it occurs is the justification of the whole philosophy. The book ends, as it began, with the assertion that moral philosophy is the source of moral wisdom still unsubstantiated by any evidence beyond that of traditional acquiescence in convenient dogma.

IV

Martineau, always rather positive, permitted himself a much more definite exposition of moral principles than either Sidgwick or Green attempted, and for this reason it is not necessary to do more than recognize the fact that his contribution to morality obviously falls short of being what he meant it to be.

It would seem as though a thinker who believed morality to consist in "a feeling that *this* is worthier than *that*," and that the exercise of this feeling "demands no reflective introspection, no ability to lay the finger on what it is in the action which excites the feeling, or even to ask the question whether it be the motive or

[1] *Ibid.*, pp. 391–92.
[2] *Ibid.*, pp. 392–93.
[3] *Ibid.*, p. 394.
[4] *Ibid.*, p. 395.

the effect,"[1] would naturally feel little necessity for providing the world with a book on ethics, except as a piece of scientific description. One does not have to listen long to the tone of the book, however, to realize that Martineau also labored under the universal ethical misapprehension that from his exposition of the facts of the moral choice he could deduce some positive contribution to morality.

The necessity for moral guidance becomes evident as soon as he has shown that conscience does not work the same in all cases, because (*mirabile dictu!*) different verdicts, "though apparently pronounced upon the same act, are even directed upon it in dissimilar and even in opposite relations."[2] Martineau therefore sets about the task of stabilizing the work of conscience by providing it with a set of principles (through a hundred and thirty-six pages)[3] with reference to which the rightness and wrongness of an act may surely be determined[4]—after first chiding Sidgwick, Spencer, and Stephen for not having had the mental stamina to precede him in this necessary work.

Martineau's achievement, however, is hardly enough to justify the conclusion that from a theory of the nature of morality a morality may be inferred. Waiving all consideration of the compatibility of the authority of Martineau's conscience and Martineau's principles, a glance at the nature of the principles themselves is sufficient to show that they are as far as the principle of self-realization from the needs of any actual moral situation. Martineau did not realize this, as Green and Sidgwick did of their generalizations. He produces situation after situation, solving each one in imagination without the least difficulty. Martineau's conception of a moral problem, however, does more credit to his character than to his mind; there is very little reality either to the difficulties or to their solution, to the modern way of thinking.

V

In spite of the inadequacy of the types of ethical theory which have just been criticized, the fair historian cannot pass lightly over the positive contributions of Sidgwick, Green, and Martineau. It

[1] James Martineau, *Types of Ethical Theory* (3d ed.), II, 58.

[2] *Ibid.*, p. 63. [3] *Ibid.*, chaps. v. and vi. [4] *Ibid.*, p. 270.

can hardly be expected that any philosopher will solve all the problems of the cosmos, though his failure to do so must be painstakingly noted in the interest of future progress. Moreover, the unexamined postulate which has been shown to underlie this ethical work was inherited from many generations of scholars, and perhaps it was not to be expected that it should be noted and its fallacy exposed in a period such as the Victorian; for while Darwin's work was already having large effects in all fields of thought in the seventies and eighties, still the evolutionary attitude had not become habitual in the sense in which it is now. Furthermore, though the great social reconstructions which are now going on were implicitly present at that time, the traditional "common-sense" morality of the race was very much less in question then than now. These two changes—the recognition of the wide variations through various evolutionary epochs of the social background of morality and the demands made by modern industrial society for a reconstruction of conventional morality—are largely responsible for the growing recognition of the inadequacy of the older type of ethical theory.

That moral conduct is social conduct is no new idea. It is specifically enunciated by Aristotle, who defines ethics as a "study of man in his relations to society."[1] In a certain sense Aristotle may be said to have been in possession of an idea of which Baldwin's principle that "all rules of action for the guidance of life must be of possible social application, even though in their origin they are announced and urged by individuals,"[2] is simply one expression. The significant thing, however, is not that Baldwin thus restated the Kantian categorical imperative in the language of sociology, but rather that the importance of recognizing the social nature of moral problems was very much emphasized in the nineties, notably in the six hundred pages of Baldwin's *Interpretations*.

Furthermore, it is one thing to acknowledge the existence of society as the home of the individual; it is quite another thing to maintain, as Sumner was doing,[3] that society constructs the individual. The serious exposition of the theory that "right" means only

[1] Aristotle, *Nicomachean Ethics:* I. i. 2.

[2] Baldwin, *Social and Ethical Interpretations* (3d ed.), p. 551.

[3] For though *Folkways* was not published until 1907, Sumner was teaching the doctrines which it contained very much earlier. See *Folkways*, Preface.

"compatible with the existing order of things,"[1] and that "philosophy and ethics are the products of the folkways,"[2] really represented a new attitude toward the development of society if not a wholly new conception.

The new recognition of the facts of social life, particularly of the significance of the wide discrepancies between the moral conduct of different peoples in different periods of social evolution, was perhaps a less potent awakener of ethicists from their dogmatic slumber than the growth of the modern urban-industrial society. Professor Tufts considers this the chief cause of the reconstruction of ethical concepts. If we ask what has affected most intensely the ethical thought of the period we must find an answer, not in science, but in the economic, political, and family life. The changing conditions of business and industry, the shift to urban life, the consequent changes in the family, the demands for new legislation, the controversies over judicial interpretations, the search for more effective dealing with poverty, vice, and crime, last of all the issues of nationalism and internationalism, war and peace—these and others of like sort have stirred men from easy reflection.[3]

VI

In the face of problems such as these it would seem that the old subconscious dogma of ethics, the supposition that what men need is a clearer exposition of moral phenomena, must atrophy from very disuse. As a matter of fact, however, while certain men resolved the premise of the older ethics by advocating the abandonment of metaphysico-psychological speculation for the more fruitful study of actual affairs, others seized the opposite horn of the dilemma and proceeded to make ethics a "natural science." The form which this "natural" ethics typically took was that of an attempt to account for the phenomena of social life in terms of a moral instinct. In 1887 Höffding had made a careful descriptive analysis of the moral organization of the family, the state, and "die freie Kulturgesellschaft," using as his principles of explanation a

[1] Sumner, *Folkways*, p. 28. [2] *Ibid.*, p. 38.

[3] J. H. Tufts, "Ethics in the Last Twenty-five Years," *Philosophical Review*, January, 1917.

"Lust- oder Unlustgefühl"[1] which, "wenn es sich auf der Grundlage der Sympathie zum Pflicht—und Gerechtigkeitsgefühl entwickelt, wird das in diesem Gesetz ausgesprochene Prinzip zuletzt der Massstab der gefällten ethischen Urtheile sein,"[2] and a conception of "Wohlfahrt" as "das Prinzip für die Feststellung des Inhalts der Ethik und für die Wertschätzung der menschlichen Handlungen."[3]

Höffding, however, wrote before the extension of the evolutionary principle to the field of morals had been consummated, and he therefore did not attempt to make his explanation include the development of modern out of primitive morality. This task was very boldly attacked a decade later in Sutherland's *Origin and Growth of the Moral Instinct.* Sutherland attempted to trace the origin of an instinct which, emerging from the parental instinct of the lower animals in the form of sympathy, had "deepened and expanded" into "the moral instinct with all its accompanying accessories, the sense of duty, the feeling of self-respect, the enthusiasm of both the tender and the manly ideal of ethic beauty."[4] With Westermarck this moral emotion is broadened into a mere emotion of approval and disapproval, which, acting spontaneously though apparently along relatively fixed lines,[5] determines the forms which moral and immoral practices assume in different civilizations.[6]

While the work which has been accomplished by this type of "scientific ethics" has been of the very highest scientific value for the sympathetic understanding of moralities foreign to our own, yet, as Green pointed out, it does not afford any basis whatever for the formulation of a positive contribution to the morality of our own day. Höffding saw this clearly enough. "Es sind zwei Aufgaben der wissenschaftlichen Ethik zu unterscheiden," he said. "Dieselbe ist teils eine historische, teils eine philosophische Wissenschaft. Die historische oder vergleichende Ethik sucht die positive Moralität

[1] Harold Höffding, *Ethik* (German translation), p. 24.

[2] *Ibid.*, p. 35. [3] *Ibid.*, p. 36.

[4] Sutherland, *Origin and Growth of the Moral Instinct,* p. 2.

[5] See, for instance, the famous chapter on "Marriage," Westermarck, *Origin and Development of Moral Ideas,* chap. xl.

[6] *Ibid.*, chap. ii.

so darzustellen, wie sie zu einer gegebnen Zeit bei einem gegebnen Volk auftritt. Die philosophische Ethik hat zur Aufgabe nicht die Beschreibung und Erklärung gegebner ethischer Erscheinungen, sondern die Wertschätzung derselben."[1] Westermarck was more consistent and denied that this evaluation of current moral practices can be the business of a science.[2] But this escape is purely verbal; it serves to make a clear distinction between the "natural science" of ethics and the practical problems of morality, but it does not explain away those problems.

Another effort to develop an expository ethics without even an attempt at a contribution to morality is that of the rationalists. In spite of Taylor's cogent and vital demonstration that "it is an insufficient explanation of the nature and origin of moral ideals to say that they spring from the rational character of human agency," since "in order to know what kind of conduct will in the case of any individual or species conform to our principle (of economy, i.e., "rationality") by securing the beneficial reaction at the least cost, it is clearly all-important to know what are the general conditions of existence which have to be met by the action of the individual or species in question,"[3] the rationalist type of ethical speculation has persisted.

Why it persists it is hard to say. The rationalists cannot claim to have made any such contribution to knowledge as that of the "moral instinct evolutionists," nor do they devote themselves to the solution of practical moral problems. Moore admits that "in order to show that any action is a duty, it is necessary to know both what are the other conditions, which will, conjointly with it, determine its effects; to know exactly what will be the effects of these conditions; and to know all the events which will be in any way affected by our action throughout an infinite future," and that failing of this perfect achievement ethics may nevertheless marshal the alternatives likely to occur to anyone and study their probable effects.[4] Yet he does not take any steps in the direction of this type

[1] Höffding, *Ethik* (German translation), p. 7.

[2] Westermarck, *op. cit.*, p. 18.

[3] A. E. Taylor, *Problem of Conduct*, p. 41.

[4] G. E. Moore, *Principia Ethica*, p. 149.

of ethical study, contenting himself with dogmatizing about the varieties of experience which are "intrinsically" good and evil.[1] And Rashdall seems to confess that "if a Moral Philosopher be a good guide in practical difficulties, it will be rather his qualities as a man (the fact that 'he must at least have accustomed himself to consider the relation of means to ends,' etc.[2]) than his scientific training that will make his opinion valuable."[3] This amounts to a withdrawal of ethics from the sciences and its establishment as a discipline contributory to the mental development of moralists. Thus the rationalists as well as the evolutionists resolve the methodological paradox by the complete sacrifice of the practical phase of ethical thinking.

VII

The only solution of the difficulties involved in the dualism of metaphysico-psychological speculation and practical morality alternate to the abandonment of the latter lay in the direction of the complete subordination of the speculative phase of ethics to the problems involved in the quest for moral guidance. If the axiom that from the analysis of moral judgment there naturally flows a stream of moral precepts had failed in practice, that failure could hardly be said to involve more than the particular types of moral analysis which had thus far found expression. It by no means followed that no explanation of the facts of moral life could be made which would give the slightest impulse to the solution of the practical moral problems of society.

It was quite natural, therefore, that there should develop out of this methodological crisis a new conception of the problems of ethics and the duties of the ethicist, which should involve the complete abandonment of the attempt to explain moral life as due to some one factor of the human personality, and should adopt instead the notion that the phenomenon of the moral regulation of life is a function of x variables, in which all the faculties of the individual mind and all the relationships which constitute society have a part.

This conception of the problems of ethics was forecast in 1889 by Paulsen. Accepting the view that it is the function of ethics "to

[1] *Ibid.*, chap. vi. [2] Rashdall, *The Theory of Good and Evil*, II, 440. [3] *Ibid.*, p. 438.

show how human life as such must be fashioned to realize its purpose or end,"[1] and that the end is not pleasure, but an "objective content of life, or, since life consists solely of action, definite concrete activities."[2] Paulsen maintained that the difference between good and bad is the difference between "the effects which modes of conduct and acts of will naturally produce upon the life of the agent and his surroundings,"[3] and that morality consists not, in the discovery of some great moral principle around which conduct can be organized, but rather in "the rational organization of life."[4] In the same year Alexander published *The Moral Order and Progress*, in which he set forth a variant of the same theory, describing the moral order as an equilibrium of the moral impulses of an individual and of the conduct of the individual in society.[5]

These formulations, however, have the disadvantage of being transitional; they do not cut themselves clearly away from ethical tradition and consequently they do not fully achieve the reconstruction of ethical methodology. That reconstruction has come with the development of a new and freshly vital mode of thinking. It has been announced most clearly by the Chicago pragmatists, whose statements will for that reason be adopted in this exposition.

In 1891 Dewey definitely set out to expose the undeclared assumption which underlay the ethical speculation of the past, the axiom "which is not indeed marshalled in open array upon the battlefield, but about whose presence there can be no doubt—the idea that moral theory is something other than, or something beyond, an analysis of conduct—the idea that it is not simply and wholly 'the theory of practise.' Moral theory, for example, is often regarded as an attempt to find a philosophic basis or foundation for moral activity in something beyond that activity itself."[6] There can be no doubt, Dewey went on to say, that there is no "intrinsic connection" between moral theory of this sort and moral conduct. "The Golden Rule gives me absolutely no knowledge,

[1] Friedrich Paulsen, *System of Ethics* (Thilly's translation), p. 1.

[2] *Ibid.*, p. 223. [3] *Ibid.*, p. 222. [4] *Ibid.*, Book III, chap. i.

[5] Alexander, *The Moral Order and Progress* (2d ed.), Book II, chap. ii.

[6] John Dewey, "Moral Theory and Practise," *International Journal of Ethics*, I, 187.

of itself, what I should do."[1] Of what use, then, is this type of theory? Of great use, since it supplies the instruments of analysis.[2] Philosophical theories play the part of instrument-makers, supplying us with new instruments of thought whenever the old become worn out. But

> it is a piece of scholasticism to suppose that a moral rule has its own self-defining and self-applying content. What truth-telling, what honesty, what patience, what self-respect are changed with every change of intelligence, with every added insight into the relations of men and of things. It is only the breath of intelligence blowing through such rules that keeps them from the putrefaction which awaits all barren idealities.[3]

Moral theory, as Dewey conceives it, is just this breath of intelligence.

> What, then, is moral theory? It is all one with moral insight, and moral insight is the recognition of the relationships in hand. . . . . It is the analytic perception of the conditions and relations in hand in a given act—it is the action in the idea. It is the construction of the act in thought against its outward construction. It is, therefore, the doing—the act itself, in its emerging. So far are we from any divorce of moral theory and practise that theory is the ideal act, and conduct is the executed insight.[4]

As early as 1891, then, the definition of the problems of speculative ethics was being based upon the demands of the practical moral situation. It still remained, however, to make more explicit the conceptions of ethical methodology which had been thus enunciated. A decade after the writing of the paper to which reference has just been made Dewey recast the problems of ethics in terms of the historical method. After showing that "the historical method brings under intellectual and practical control facts which utterly resist general speculation or mere introspective observation,"[5] he went on to explain that the historical method demonstrates the continuity of moral experience and provides the means for controlling that experience.

[1] *Ibid.*, p. 194.

[2] *Ibid.*, p. 195.

[3] *Ibid.*, p. 196.

[4] *Ibid.*, p. 188.

[5] Dewey, "The Evolutionary Method as Applied to Morality," *Philosophical Review*, XI, No. 2, 113.

Its assumptions are that norms and ideals, as well as unreflective customs, arose out of certain situations, in response to the demands of those situations; and that once in existence they operated with a less or greater meed of success (to be determined by the study of the concrete case). We are still engaged in forming norms, in setting up ends, in conceiving obligations.[1]

To help us see the present situation comprehensively, analytically, to put in our hands a grasp of the factors that have counted, this way or that, in the moralizing of man, that is what the historical method does for us. Moral judgments are judgments of ways to act, of deeds to do, of habits to form, of ends to cultivate. Whatever modifies the judgment, the conviction, the interpretation, the criterion, modifies conduct. To control our judgments of conduct, our estimates of habit, deed, and purpose, is in so far forth to direct conduct itself.[2]

The historical method, however, does not define the field of ethical inquiry. That field cannot be accurately defined in terms of any method of ethics; or rather it cannot be bounded by any special method which hypostatizes itself into an "ethical principle" and proceeds to define ethics as the exercise of that principle. It is the very essence of this interpretation of the problems of ethics that this is not such a special principle of explanation, but is a theory that the facts of moral conduct can only be understood when all the aspects of every moral situation enter into the explanation as equally relevant. The field of ethics, then, is the whole moral situation. If we are to construct an ethics which shall cover that field,

we need to know what the social situation is in which we find ourselves required to act, so that we may know what it is right to do. We need to know what is the effect of some psychical disposition upon our way of looking at life and thereby upon our conduct. Through clearing up the social situation, through making objective to ourselves our own motives and their consequences, we build up generic propositions: statements of experience as a connection of conditions, that is, in the form of objects. Such statements are used and applied in dealing with further problems. Gradually their use becomes more and more habitual. The "theory" becomes a part of our psychical apparatus. The social situation takes on a certain form of organization. It is pre-classified as of a certain sort, as of a certain genus, and even species of this sort; the only question which remains is discrimination of the peculiar variety.

[1] Dewey, "The Evolutionary Method as Applied to Morality," *Philosophical Review*, XI, No. 4, p. 356.

[2] *Ibid.*, p. 371.

Again, we get into the habit of taking into account certain sources of error in our own disposition as these affect our judgments of behavior, and thereby bring them sufficiently under control so that the need of conscious reference to their intellectual formulation diminishes. As physical science has brought about an organization of the physical world along with an organization of the practical habits of dealing with that world, so ethical science will effect an organization of the social world and a corresponding organization of the psychical habits through which the individual relates himself to it. With this clearing up of the field and organs of moral action, conscious recourse to theory will, as in physical cases, limit itself to problems of unusual perplexity and to constructions of a large degree of novelty.[1]

This statement of Dewey's practically identifies the field of ethical speculation with that of the specific moral problem. According to this view ethics is not an abstract speculative science, engaged in establishing "laws" definitive of moral judgment. It is rather the scientific treatment of moral problems. Ethics attempts to carry out on a larger scientific scale just those thought-processes which precede a moral decision in the mind of a wise man, a man who would understand what he is doing before he does it. It seeks to understand the significance of the forces of social convention and of individual character—impulse and habit—which sway the judgment this way and that, and the larger meaning of the issues at stake in the social situation. And the goal of such a scientific study of all the discoverable phases of a moral problem is not the creation of psychological generalizations, but rather the wiser and more scientific solution of the specific moral problem by the clear exposition of its innermost meaning.

This exposition, as Dewey has demonstrated, is greatly facilitated by the employment of the historical method. One can hardly understand the full significance of the social conventions which play so large a part in every moral situation without some knowledge of the manner in which those conventions have come to be what they are. This particular historical task has been undertaken by the sociologists, who, nevertheless, have shown some tendency to content themselves with giving descriptions of the different codes which have obtained at different periods among

[1] John Dewey, *Logical Conditions of a Scientific Treatment of Morality* (Decennial Publications of the University of Chicago), p. 26.

different peoples without correlating them and exposing the continuity of their development, or if they have attempted to see the continuity of social forms they have done so at the sacrifice of a clear vision of the unity of development of all the various institutions which together constitute the social order. The former criticism is, perhaps, premature, as the research into specific civilizations must necessarily precede the attempt to construct the results of such studies into the genetic form and the recognition of the continuity of their development. Hobhouse, for example, has done as much as anyone along the line of tracing "the evolution of the ethical consciousness as displayed in the habits and customs, rules and principles, which have arisen in the course of human history for the regulation of human conduct."[1] But, though Hobhouse has organized a mass of material in such a way as to indicate that moral codes do grow from one another in a continuous progression, he has done little more than allege the unity of the developmental process, even in the third edition. Furthermore his characterization of that process is rather too external to suggest very clearly what the impelling forces behind the process are. On the other hand, Professor Tufts, although he has made no such extended research into the actual history of morality but has centered his attention upon the attempt to understand the nature of the evolutionary process in the field of morals, has made an extremely important suggestion for the interpretation of moral development.

Assuming the notion, of which he had been an early exponent, that mind is something which is developed in the course of societal evolution, he has gone further and described moral evolution as a process in which the moral faculty is sharpened by a growing social order, while at the same time the social structure is built up by the exercise of a developing moral consciousness. But the most significant feature of Professor Tufts's statement of the nature of the development of morality is his full recognition that the gradual moralization of society through the evolution of social conventions is but one aspect of a process which includes as its other phase the development of the moral character of the individ-

[1] L. T. Hobhouse, *Morals in Evolution* (3d ed.), p. 1.

uals who compose society. Ethics deals with both the aspects of life and conduct. "It has to study the inner process as determined by the outer conditions or as changing these outer conditions, and the outward behavior or institution as determined by the inner purpose, or as affecting the inner life."[1]

When, therefore, Professor Tufts describes the evolution of morality as a rationalizing and socializing process, he refers to the development both of social institutions and of individual character. Thus the "rationalizing process" means the greater use of intelligence, caused by the exigencies of the satisfaction of primitive wants. At the same time this rationalization is reflected back upon the objective situation in the creation of new institutions and the attendant higher organization of group life. So with socialization: associations formed originally as a result of fundamental instinctive needs have their effects upon the human animal, making him more dependent on a group and more fond of social life. These changes in the character of the individual find equivalent expression in the growing complexity of the social structure. The building up of a socially self-conscious individual and the building up of a complex social group are phases of the same process.[2]

VIII

This conception of the function of ethical theory is more than a mere eclecticism. If it were no more than that—if it only substituted for the moral theories which lay particular stress upon various features of the moral life a sort of theoretical compromise in which all those features were included without any selective emphasis—then the charge might be justly made that it is as barren of practical consequences as any of the systems which it seeks to supplant. But such a charge could be brought only if it could be shown clearly that this ethical theory, relying upon the old assumption that principles for moral guidance spring naturally from the correct understanding of the moral judgment, rests its oars as soon as it has formulated its conception of moral life and evolution.

[1] Dewey and Tufts, *Ethics*, p. 3. See also John Dewey, *Logical Conditions of a Scientific Treatment of Morality* (Decennial Publications of the University of Chicago), pp. 16–17.

[2] Dewey and Tufts, *op. cit.*, Part I.

But it would be difficult to make such a demonstration, for such a cessation of effort would be in flat contradiction to this notion of the function and problems of ethical theory. The principal point of difference between this and the traditional metaphysical and psychological theories is found just at this point. The traditional ethical doctrines essayed the analysis of the moral judgment in the vague hope of discovering the "true" principle of moral conduct, assuming that a knowledge of that principle could somehow be applied to the solution of practical moral problems. This doctrine, on the contrary, maintains that the analysis of moral consciousness yields no such principle, by the mechanical application of which one can determine offhand what is right and good. It rests upon the conviction that any moral ideal which is deduced as an a priori formula from such metaphysical or psychological speculation is no ideal at all but only a conglomeration of words, until it has been given specific meaning in a long series of actual moral decisions, each of which determines whether some particular act or policy is contained in that ideal or not. It asserts that if ethical speculation is to establish any really vital connection with the problems of living, which are universally admitted to be, after all, the fundamental ethical problems, it must take up into itself that specific and particular sort of moral speculation which precedes such actual moral decisions; for it is those decisions which determine what we think right, when all is said, and not our belief in greatest happiness principles or categorical imperatives.

Ethics can never hope to supplant the individual decision; its one claim to scientific standing must therefore depend upon its ability to contribute to moral progress by making individual moral problems its business. It must study the moral consciousness and moral evolution, not as ends in themselves, but only that as a result of such studies it may say with somewhat more wisdom than is the meed of the common man whether particular, immediately contemplated acts and policies are right or not. Consequently it must take into consideration not only motives and impulses, the good-will, the moral sense, and the balanced reason, but also the whole objective setting and significance of the acts themselves. Its business is not only with faculties but with institutions; it

deals not only with men but with events. It must achieve its results not by some metaphysical legerdemain but by the plain hard work of mastering the essential facts.

It is clear that such work involves the concentration upon the solution of moral difficulties of the results of all the other sciences. Physics and chemistry and geology must contribute to an understanding of the physical alternatives presented in the moral situation and to a comprehension of the actual results of choices that have been made. It is for the biological sciences to contribute to a clear apprehension of the implications involved in the preference and accomplishment of "life as a biological process." And the social sciences should illuminate the social structure so that the ethicist may see the influence of the social order in the individual moral process and the incidence of the effects of the individual moral choice upon other men through the medium of social readjustment.

Out of this concrete study of as many of the aspects of human life as can be brought under scientific observation the ethicist draws his conclusions with regard to a host of disputed moral problems. And from those conclusions he creates, if he can, a practical and personal ideal—not deduced by some transcendental logic from the psychology or metaphysics of the moral judgment, but constructed out of the materials of the accumulated moral experience of the race.

CHAPTER II

THE FUNCTION AND PROBLEMS OF ECONOMIC THEORY

I

The discussion now current among economists over the immediacy of the relation of economics to social reform has been precipitated by the fact that while the marginal variants of orthodox theory have been subjected to more and more searching criticism of late years, definite attempts have at the same time been made in this country and in England to reconstruct economic theory upon a wholly different set of basic assumptions than the ones which underlie the classical doctrines. It is natural, therefore, that the difference of opinion upon the function of economic science, which is a by-product of this movement away from orthodox theory, should be extremely wide.

It is limited on one side by such writers as J. B. Clark, who considers the business of political economy to be the examination of facts, the exposition of movements and tendencies, and the formulation of laws.[1] At the other extreme stand men like Hobson, whose work constitutes an attempt "to reduce the 'social reform' movement to a definite theoretical statement."[2] Between these two extremes there is a great variety of opinions. For example, Davenport states definitely that the economist must stick close to the facts, sedulously avoiding any expression of moral approbation or condemnation, and he adheres to this definition of the business of economics through the bulk of his *Economics of Enterprise.* But the violence of the castigation which he lets loose upon the existing order of economic arrangements in his final chapter suggests that he has withheld his criticism throughout the book only to store up ammunition for an annihilating barrage fire at the

[1] J. B. Clark, *Essentials of Economic Theory,* Preface.

[2] W. H. Hamilton, "Economic Theory and 'Social Reform,'" *Journal of Political Economy,* XXIII, 563.

end.[1] Another interesting illustration is the view of Thorstein Veblen, who has a way of announcing in occasional footnotes (doubtless with his tongue in his cheek) that he is engaged only in describing economic phenomena as accurately as may be, and that if the categories which he is forced to use "carry an undertone of depreciation as used in the speech of everyday life," it is only an unfortunate accident. Those categories, he insists, with the utmost possible sarcasm, are employed only "for want of better terms that will adequately describe the same range of motives and of phenomena," and "are not to be taken in an odious sense."[2]

It is not the purpose of this chapter, however, to appraise the arguments of such disputants as those whose opinions have just been cited. In the heat of the controversy over the function of the science of political economy the exponents of the "descriptive" theory of economics quite commonly refer to the past history of the science as though it constituted a complete justification for their insistence and a complete proof of all their arguments. They feel that the political economy of the century following the publication of the *Wealth of Nations* "sought to obtain laws which fixed the 'natural' prices of goods and those which in a like way governed the natural wages of labor and the interest on capital."[3] It was, according to this view, a pure science. As the standard-bearers of the pure science of economics, therefore, they naturally feel that their arguments are peculiarly sound as against those of the men who are so patently innovators and iconoclasts. The crux of the whole controversy seems, therefore, to be this common belief of the orthodox theorist that his position has the special sanction of history. But this common-sense interpretation of the part played by economic science in the past has little more of validity about it than most of our accepted beliefs. At all events I shall attempt to outline in this chapter another theory of the history of political economy than the one generally held, and I shall try to show that, seen in the light of this theory, the recent developments in economics indicate that the science is returning to its proper and normal function rather than departing from it.

[1] Davenport, *Economics of Enterprise*, pp. 29, 30, and the final chapter.

[2] Veblen, *Theory of the Leisure Class*, p. 97 (footnote on "Waste").

[3] J. B. Clark, *op. cit.*, Preface, p. v.

Obviously it would be absurd to attempt to "prove" anything in so short a paper about so vast a subject as the history of a science —particularly if the historical study is pursued, not as an end in itself, but for the light which it will throw on the function and the problems of the science. The interpretation of the history of economic theory which I desire to suggest here could not by any stretch of the imagination be regarded as established until all the available literature of the subject had been rehearsed. Furthermore, this is a theory that economic thought proceeds through the successive phases of a cycle which may reasonably be expected to repeat itself, though but one such cycle is followed through by way of illustration. Therefore one could hardly suppose the theory to be very thoroughly demonstrated until it has been verified by future developments.

Instead of marshalling the historical data and making a great show of deducing the interpretation from them by some inexorable logic, I shall simply describe in general terms the different phases through which economic theory appears to me to pass, leaving the reader to verify or refute the theory by use of the historical facts at his command. For the sake of clarity, however, I shall attempt to illustrate each successive phase with a few selected references to some of the more interesting features of the development of economic theory through the last century and a half. So far as is possible these illustrations will be drawn from what appears to be the main current of economic thought. Some of the tributaries to that main current—such as those of St. Simon, Sismondi, and Marx—are of great interest and considerable importance in relation to this view of the history of political economy. Yet it has seemed wiser to avoid all complications for the sake of the clearest possible exposition as well as for the sake of brevity.

II

There are several peculiarities of the history of economic thought in the nineteenth century which suggest that it is the nature of economic theory to be alternately revolutionary and reactionary—now bitterly criticizing and now placidly accepting the existing organization of society. This process can be described best as a

great cycle involving four phases—criticism, reconstruction, approbation, and renewed criticism. We appear just now to be nearing the completion of such a cycle.

A social crisis arises as a result of the long continuance of institutions which do obvious violence to justice and equality. But those institutions have behind them two powerful forces—traditional economic doctrine and vested pecuniary interests; and therefore they cannot be overturned until a theory of social reform has been promulgated in sufficiently complete and logical form to expose the fallacies and the sinister backing of the offending social organization and to offer an alternative in which the specific wrongs will be righted.[1]

But in order to achieve such a victory the economist must perforce construct a logical edifice of the most enduring sort, founded upon the rock of ages. During the period of readjustment following the consummation of the given reforms, therefore, two perfectly inevitable things occur. The very perfection of the logical instruments which were devised for the overturning of the old order causes them to be preserved for themselves, as though they had a certain inherent value, or as though their success in one battle insured their eternal invincibility. One school succeeds another; pitched battles rage between the left wing and the right over infinitesimal differences in the interpretation of the terminology, while the main body of doctrine is laid away for permanent preservation in the safety-deposit vault of an undeclared assumption.

And while all this is going on in the field of theory, sinister forces which have but recently been expelled from one sinecure are readjusting themselves to their new institutional environment. Probably no one supposes today that it is humanly possible to construct a social order in which there will be no flaw. The social reform which deals effectively with one institutional defect can hardly avoid leaving others. A Standard Oil magnate who died recently is reputed to have defied the country to devise anti-monopolistic legislation faster than the great trusts can find other ways of exercising the same monopolistic powers. It is inevitable,

[1] Cf. Hamilton's "The Price-System and Social Policy," *Journal of Political Economy*, XXVI, 31.

therefore, that under the new order of things which ensues after a period of social reform great financial forces will grow up which owe their then form and size to the reorganized social system, and will hence be ready to fight for its perpetuation. Thus in the natural course of events economic theory becomes aligned with "those who live by profit."

At the same time, however, economic doctrine is by no means wholly divorced from the actual problems of the industrial world. During the entire period of acquiescence which succeeds the formulation—for purposes of fundamental reform—of a polemical doctrine there still remains the task of extending the reform movement to every cranny of the vast social edifice. Thus, while the development of economic doctrines is almost wholly confined to the super-refining of a body of principles which is for the most part already given, the reforms which called forth the main outlines of the economic theory are carried on by the economists with undiminished zeal. But as the sinister forces against which the original attack was directed shift their front to accommodate themselves to the new social technique, the continuance of the same old instruments becomes less and less relevant. The weapon which drove vested interest out of its fortifications into a new type of intrenchment is a less and less effective instrument of social reform as the change in the technique of defense becomes more and more complete.

Economists are never wholly unaware of the obsolescence of their methods; but for a considerable period they meet the novel and unorthodox defense of their enemies, the foes to social justice, with unorganized attacks. While continuing to exert the strongest possible pressure upon what they still conceive to be the enemy's principal position—those institutions which were the subjects of the original attack—they send out an informal skirmishing line to harass his new operations. Thus, as it becomes apparent that protected privilege has not disappeared in spite of social reform, the economist, while holding to the body of doctrine which was a by-product of one frontal attack upon vested interests, naturally begins to throw out suggestions of possible ways of meeting the new difficulties without another cataclysmic change involving the formulation of a new doctrine—suggestions for readjustments that

will be external to the economy of his creed. And as the need for further reform becomes more and more acute, and the doctrine of the old reform movement becomes more and more obsolete, the number and importance of the economist's excursions outside the orderly region of his inherited economy become more frequent and of greater relative importance, until finally the economics "extra cathedra" becomes by force of social circumstances more vital than the doctrine "ex cathedra" and finds systematic expression as the theoretical background of a new movement of basic social reform.

III

That the foregoing analysis is correct so far as the development of orthodox political economy out of the speculative portions of the *Wealth of Nations* is concerned there can be no doubt. While the subordinate articles of economic doctrine have varied widely during the course of the century, still the very extraordinary continuity of basic dogma is a matter of common observation and acceptance. It is interesting to note, however, that all the phenomena of the early development of the "principles of political economy" point not only to the continuity of economic thought from Smith to the neo-classicists, but also to the truth of the theory that those "principles" were derived from arguments which were only a means to an end with Adam Smith, and that they were propounded, organized, and welded into a "system" by men who inherited Smith's instruments, but not, for the most part, his problems.

The common misconception, according to which political economy was thought to be the orderly development of a set of "principles" into a purely "descriptive" science, originated in the peculiar logical device which was a decisive factor in routing the argumentative forces of mercantilism—or rather of the dynastic conception of society of which mercantilism was the economic expression. The "natural order" first came into general use as a weapon of offense and defense against the "divine prerogative" in the struggle of parliament with the Stuarts. It is very convenient indeed, as the rebellious American colonists discovered in their turn, to be able to base one's claims for a redisposition of rights and

privileges upon something which gives a greater impression of ultimate authority than individual opinion. It was perfectly natural, therefore, in view of the greater vogue of the "natural order" as the basis of the new political faith of the times, that the same sanction should be applied to new economic ideals. The system and the doctrine of trade regulations which formed the framework of mercantilism being essentially dynastic in effect and in purpose, it was quite natural that the revolt to freedom of economic intercourse and to the exaltation of agriculture over manufacturing should adopt the technique of the political struggle. Thus in the writings of the physiocrats we find the chief weapon of rebellious republicans used to maintain an economic doctrine which included among other things "que l'autorité souveraine soit unique et supérieure à tous les individus de la société," and "que la propriété des bien-fonds et des richesses mobiliéres soit assurée à ceux qui en sont les possesseures légitimes."[1]

This paradox in the use of the "natural order" in political and economic thinking was rendered relatively harmless by the fact that the physiocrats and Adam Smith took particular pains to avoid explicitly political controversy. Their work as economists was to combat, not dynasties, but trade regulations, and they were therefore content to define the economic system which pursuit of the "natural order" would prescribe to a sovereign without defining sovereignty itself.[2] This enabled them to use the same watchwords of liberty, equality, and justice as the basis of their economic proposals as were commonly employed in the struggle for popular forms of government.

That they recognized the polemic nature of their work can hardly be doubted in the face of their own explicit statements to that effect. Adam Smith has been regarded for so long as the first of an academic succession that his more vital relations to his predecessors and contemporaries[3] are frequently overlooked; but he was keenly enough aware of them himself. His whole political economy can

[1] Quesnay, *Maximes*, I, II.

[2] Adam Smith, *Wealth of Nations*, Book IV, chap. ix.

[3] *Ibid.*, Book IV, Introduction.

be regarded as an elaborate theoretical defense of a group of proposals the intent of which was to break down vested interest and so to bring about the greater welfare of the community as a whole. His attack upon mercantilism was an attack upon predatory wealth intrenched behind government grants and regulations. He said:

> It cannot be very difficult to determine who have been the contrivers of this whole mercantile system; not the consumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class our merchants and manufacturers have been by far the principal architects. In the mercantile regulations . . . . the interest of our manufacturers has been most peculiarly attended to; and the interest, not so much of the consumers, as that of some other sets of producers, has been sacrificed to it.[1]

The so-called internationalism of Adam Smith was a strategic part of the same attack upon the bloated plutocracy of his day. Smith hurled the thunderbolts of *laissez faire* against the narrow nationalism of colonial exploitation and international trade rivalry, not because there is anything inherently more idealistic in freedom of intercourse between nations or in local self-government, but because the concrete expression of the nationalism of the times was the well-nigh universal practice of sacrificing the public to a small group of favored merchants and manufacturers.[2] Restraints were put upon the importation of all foreign commodities, and bounties upon the exportation of certain products, artisans were prevented from moving to customer countries, colonial markets were created by the rigid exclusion of foreign-made goods—all in the

[1] *Ibid.*, Book IV, end of chap. viii.

[2] It is a well-known fact that mercantile doctrines were formulated for the most part by successful merchants. This fact need not necessarily be interpreted as impugning the sincerity of the mercantilist writers. On the contrary, it is to be understood as explaining why those writers were able to expound economic doctrines which, judged in the light of modern standards of welfare and by unprejudiced minds, are so patently fallacious. The shining example of this sort of thing is Sir Josiah Child, the author of the *Discourse upon Trade*. Sir Josiah was able to control the East India Company and to divert an income of hitherto unheard-of proportions to his own pocket by the judicious corruption of court, commons, and electorate. For a description of his methods see Macaulay's *History of England*, chap. xviii.

interest of the favored producers[1] and to the "almost constant" detriment of both the native and the colonial consumer.[2]

But no fight against economic inequality and injustice can succeed except in so far as a feasible substitute can be offered for the existing order. It is to be expected, therefore, as a matter of good logic, that any proposed social reform will meet with general acceptance only after it has been clearly demonstrated that the new system will be proof against the corruption which has disintegrated the old. Adam Smith was well aware of this; he saw that an assault upon mercantilist practices could be successful only if it included an attack on the economic theory which, in effect, justified those practices. This meant that he must formulate an economic doctrine to which mercantilist practices would be repugnant. The self-evident fact that the evils which he was interested in combating were immediately due to governmental interference (instigated by the "special interests") in industrial affairs gave him his clue; the ethical theories which had formed the background of his thinking during his entire mature life showed him how to follow out that clue. The result was the economics of the "natural order," *laissez faire*, and the "guiding hand."

This phase of Smith's work has been the subject of such universal discussion that it has almost come to be taboo; but it is necessary to speak of it long enough to point out, first, that the doctrines of value, rent, and wages derive their significance entirely from the fact that they are a part of the theoretical justification of the attack upon the existing governmental regulations of trade

[1] See William Cunningham, *Growth of English Industry*, Part III, chap. xi. Of course, the extent to which governmental interference in industrial affairs is prompted by the "special interests" is always a matter of general speculation about which little evidence can be gathered; but the more intelligent business men usually have some inkling of what is going on, and Adam Smith had many acquaintances among this class. Then, as now, facts which can be cited without fear of the charge of libel were brought to light only when special investigation followed some particularly notorious affair—such, for instance, as the investigation of the South Sea Company. This investigation brought to light the fact that 122 lords and 462 commoners had profited to the extent of several millions of pounds out of the nefarious activities of the South Sea Company. For an account of this investigation see W. R. Scott, *Joint Stock Companies to 1720*, III, 331–46.

[2] Adam Smith, *op. cit.*, Book IV, chap. viii.

and industry; and, secondly, that since Smith's main argument was concentrated upon the destruction of certain specific abuses in the economic organization of his own time, it is absurd to attribute an infinite efficacy for the solution of all subsequent problems of freedom and regulation either to his doctrines themselves or to his own opinion of them. That is, as regards the first point, one must bear in mind constantly the fact that Smith was not reasoning in a vacuum; that he intended all through the first book, for instance, to come out at the end with the conclusion that the interests of his opponents, "those who live by profit," are "never exactly the same with that of the public," since their profits are "low in rich and high in poor countries," and that they of all men know their own interests and are constantly seeking to obtain governmental advantages in the pursuit of them.[1] And, in the second place, Smith made no pretense of dictating the form of all future industry and commerce. He proposed the abolition of a specific set of economic obstructions on the theoretical grounds that the economic order is an automatic machine which needs no regulation; yet he also specifically recognized the beneficence of several types of governmental regulation of industrial affairs.[2] His theories of *laissez faire*, therefore, have no necessary reference to any other problems than those with which he was dealing.

IV

Bentham's *Manual of Political Economy* was an early instance of the attempt to draw together the theoretical phases of Smith's attack on mercantilism into a formal "science" of economics. The attempt to reduce Smith's principles to a state of absolute logical finality received a good start from Bentham's insistence that economic theory should not recognize the regulation of even the maximum rate of interest.[3] At the same time Bentham was engaged in working out an ethical system which was practically a

[1] *Ibid.*, Book I, chap. ii.

[2] See, for instance, his remarks on the fixing of a legal rate of interest in Book II, chap. iv.

[3] Bentham, *Defense of Usury;* see letter xiii.

transfusion of Smith's arguments into a theory of the moral organization of society.[1]

That the functional significance of Adam Smith's work was being forgotten at the same time that some of the theories of his devising were being perpetuated and perfected is clearly indicated by the changed attitude of economists toward their work. Malthus made it the "first business" of the social philosopher "to account for things as they are; and until our theories will do this," he said, "they ought not to be the ground of any practical conclusion."[2] This does not amount to a complete denial of the practical function of economic theory; but it does relegate the work of social reconstruction, which with Smith was anterior to the formulation of theory, to a place subordinate and posterior to the discovery of the "laws which regulate the movements of society."[3] So far as doctrine is concerned Ricardo "is essentially of the school of Smith, whose doctrines he in the main accepts, whilst he seeks to develop them, and to correct them in certain particulars";[4] yet he not only considered it the "principal problem in political economy . . . . to determine the laws which regulate this distribution (rent, profit, and wages)," but even deviated from Smith's conception of the function of the economist so far as to maintain that if his principles should be found correct "it will be for others, more able than himself, to trace them to all their important consequences."[5] Senior took the final step. While endeavoring to resolve his science to a geometry of four axioms, "the first a matter of consciousness, the three others matters of observation . . . . scarcely requiring proof or even formal statement,"[6] he specifically excluded all problems of welfare and of social reform from the economist's sphere of influence. "All these are questions of great interest and

[1] See *Lettres d'A. Compte à J. S. Mill*, p. 4. Also Benedetto Croce, *Philosophy of the Practical* (English translation), Part II, chap. vii.

[2] Malthus, *Principles of Political Economy*, p. 8.

[3] *Ibid.*, p. 10.

[4] Ingram, *History of Political Economy*, p. 122.

[5] Ricardo, *Principles of Political Economy*, preface to the first edition.

[6] Senior, *Political Economy* (6th ed.), pp. 3, 26.

difficulty, but no more form part of the science of political economy, in the sense in which we use that term, than navigation forms part of the science of astronomy."[1]

John Stuart Mill wrote his major contribution to the subject with the avowed intention of following what he conceived to be the lead of Adam Smith; but although his conception of Smith's work as the "philosophy of society" was a specific recognition of phases of Smith which had been more or less lost sight of, Mill did not apprehend the purely occasional and directive nature of Smith's theoretical achievements.[2] Furthermore, Mill's recognition of social phenomena and problems which had escaped the direct attention of earlier writers was recorded as a series of "extra cathedra" addenda to his formulation of orthodox economic doctrine, as will be noted in a later paragraph. Consequently his book has been quite generally received as "an admirably lucid and even elegant exposition of Ricardian economics . . . . but, notwithstanding the introduction of many minor novelties, it is, in its scientific substance, little or nothing more."[3] Mill's extraneous qualifications of economic dogma did not prevent him from carrying on the accumulating tradition of economics as the science of value, rent, wages, interest, and profits.[4]

Furthermore, in spite of intense controversy over moot points in value theory, one may safely say that modern orthodox economics does not differ materially from that of J. S. Mill. The rise and growth of the various "schools" which have attempted to give some special terminological form to the economics of free competition is so familiar to everyone that it needs only to be mentioned. It is very well recognized that the violent disputes between the exponents of the various types of logical, geometrical, and algebraic marginal analysis are dealing only with the technique of economic doctrine, and that the very intensity with which the terminological controversy is carried on is the surest indication of the fundamental

[1] *Ibid.*, p. 2.

[2] J. S. Mill, *Principles of Political Economy*, Preface.

[3] Ingram, *op. cit.*, p. 149.

[4] *Ibid.*, p. 148, note on Laughlin's abridgment of Mill.

agreement of all the schools in the major assumptions of classical economics.[1]

V

Before turning back to note the particulars in which the economists of the nineteenth century, on the one hand, carried through to a logical conclusion the social-reform movement begun by Adam Smith, and, on the other hand, threw out occasional informal suggestions relative to new social problems which strict logic excluded from their systems, it is important to note how the objects of Smith's polemics fared under the new system of natural liberty. The readjustment of "business" to the new conditions created by the breaking down of the protecting regulations which had been thrown about the favored industries was complicated by two features of the industrial development of the period which are nearly unique in history. In the first place, Adam Smith wrote, as everyone knows, just at the beginning of the introduction of the technique of machinery driven by steam-power. Secondly, the preliminary eras of discovery and the founding of North American colonial enterprises under conditions of great hardship and little profit were just giving way to a period during which the North American colonies—thirteen of them enjoying a hard-won political independence—were beginning to expand in territory and population at a rate that was simply prodigious. This combination of circumstances produced the well-known phenomenon of the rapid rise of modern machine industry. In a period of tremendous commercial and territorial expansion—when great capital funds are accumulated, all of which naturally belong to someone—many poor men must necessarily become rich, some because of great native genius for seizing upon the opportunities, many by sheer force of circumstances. In such a period, therefore, the voice of the self-made man is continually heard loudly praising his creator and naturally enough the conditions under which his genius received such golden recognition.

[1] Veblen calls the whole marginal method of analysis a "taxonomy" that accepts the "pre-Darwinian" assumptions of classical theory. See Veblen's article, "Professor Clark's Economics," *Quarterly Journal of Economics*, XXII, 158.

The philosophy of *Poor Richard's Almanac*, therefore, is not a servile reiteration of the doctrines of the *laissez faire* economists. It is rather the voice of successful "business" pronouncing its benediction upon the conditions of its success. But the condition which most readily occurs to the business man as the determinant of his success is that he was "free" to carve out his own destiny. This naturally seems to him more important than that there was an exceptionally large and juicy continent to be carved just as he happened along, since it throws all the emphasis upon his own prowess. He therefore sees in the great industrial changes of the nineteenth century only "what business has done for the country." He is compelled by his own egotism to the belief that the system which has been so good for him has at the same time been the best possible régime for the interests of society. "By the customary apologetic generalization from individual acquisitive interests to general social welfare, the idea of social good as a consequence of individual gain became a part of currently accepted social philosophy and currently formulated economic theory"—the economic theory of the men "whose pecuniary interests found expression in the political creeds of liberal parties," and "whose fortunes were bound up with individual liberty."[1]

In some such fashion as this it has come about that "those who live by profit," firm in the conviction of the identity between the success of "business" and the proper organization of society, and secure in the control of wealth and power, have become the defenders of the freedom of industry from governmental regulation. Surely there is nothing so very surprisingly illogical in the adoption, by those who are the most able to exert pecuniary pressure, of a creed of "freedom of contract" which "comes to mean, in effect, not only that one individual or group of individuals may not legally bring any other than pecuniary pressure to bear upon another individual or group, but also that pecuniary pressure cannot be barred."[2] To such men as these, holding such views as these,

[1] W. H. Hamilton, *The Ethical Implications of Current Economic Theory*. Unpublished. Cf., also, Hamilton's "The Price-System and Social Policy," *Journal of Political Economy*, XXVI, 31.

[2] Veblen, *Theory of Business Enterprise*, p. 274.

every attempt to protect the laborer, the consumer, and the small business man against their rapacity—from Owen's agitation for factory legislation to the Danbury Hatters' case—has been denounced as governmental favoritism, "the subserviency of representatives of the whole people to the dictation of class legislation."[1]

Through the course of the development of modern capitalistic industry the theory of mercantilism (but not its practices) has been forgotten by the interests of which it was formerly the chief bulwark, and the creed which they now profess is substantially derived from the arguments by which the old order was broken down. "We protest against class legislation . . . . and we assert that all forms of class legislation are un-American and detrimental to our common good. We pledge our loyalty to our judiciary, upon the maintenance of which, unswerved by passing clamor, rests the perpetuation of our laws, our institutions, and our society."[2] Thus "those who live by profit" have become the arch-defenders of the social arrangements which were forced upon them with the greatest difficulty. The continuity of the process lies in the fact that they are now, as then and always, the ardent supporters of whatever is.

VI

It must not be inferred from this sketch of the manner in which both economic theory and business interests became, through a century of *laissez faire*, the defenders of the existing order of extreme individualism, that the economics of the nineteenth century is a doctrine of complete assent. Whatever a man's creed may be, there are always many things in the world which provoke him to raise a dissenting voice, and economists are always especially susceptible to this particular type of stimulus.

In the first place, the breakdown of mercantilism was by no means consummated in the time of Adam Smith; there still remained, long after individualism had become the rule of the day, many social and legal institutions which had not yet been adapted to the general scheme of *laissez faire*. Furthermore,

[1] "Resolutions of the National Association of Manufacturers," May, 1913.

[2] "Resolutions of the National Association of Manufacturers," May, 1913; *Political Creed*, arts. 3 and 4.

fresh economic problems are constantly arising in every society into the solution of which the economist is sure to be drawn, as Ricardo was drawn into the bullion controversy. These activities are, in a sense, summed up in the legal-reform movement which was lead by Bentham and received the full support of the entire classical group.

The reconstruction of the antiquated legal system of England was in actual truth the creation of a science of jurisprudence in the image of Ricardian economics. It rested upon two fundamental principles: (1) "The right aim of legislation is the carrying out of the principle of utility, or, in other words, the proper end of every law is the promotion of the greatest happiness of the greatest number." (2) "Every person is in the main and as a general rule the best judge of his own happiness. Hence legislation should aim at the removal of all those restrictions on the free action of an individual which are not necessary for securing the like freedom on the part of his neighbors."[1] It was to the prosecution of these reforms that Bentham devoted his life. "Bentham was primarily neither a utilitarian moralist nor a philanthropist: he was a legal philosopher and a reformer of the law."[2] But the aspect of his work which is most significant in this connection is the fact that in spite of its importance it was not a work of fundamental social reform, as was that of Adam Smith. For utilitarianism is, after all, only the ethics of *laissez faire*, and its application to the field of jurisprudence is not a new reform movement but rather a continuation of the general attack upon mercantilism.

While the poor-law and free-trade agitations centered about the reconstruction of certain laws, they were sufficiently important to be classed as separate movements; for each called forth a considerable literature of its own. At the same time it is equally obvious that they were really only chapters in the individualistic reaction against mercantilism. The inefficacy of the poor laws followed as an inevitable corollary from the Malthusian doctrine of population.

[1] Dicey, *Law and Public Opinion in England*, pp. 136, 146.

[2] *Ibid.*, p. 127.

> The poor laws of England tend to depress the general condition of the poor in two ways. Their first obvious tendency is to increase population without increasing the food for its support. . . . . Secondly, the quantity of provisions consumed in workhouses . . . . diminishes the shares that would otherwise belong to the more industrious and more worthy members, and thus, in the same manner, forces more to become dependent.[1]

And this entire argument was an equally direct consequence of the original postulate of *laissez faire*. If it is established that "wages should be left to the fair and free competition of the market, and should never be controlled by the interference of the legislature," then it follows that "the clear and direct tendency of the poor laws is in direct opposition to these obvious principles."[2]

Although free trade is an equally obvious corollary to the general doctrine enunciated by Adam Smith, and although restrictions upon exportation and importation fell away fairly rapidly, still, either because of the natural strength of the landed gentry in Parliament, or, as Ricardo suggests,[3] because the landowner could cite the authority of Adam Smith for imposing high duties on the importation of foreign corn, the corn laws continued to be the subject of a very bitter controversy which lasted until their repeal in 1846. The classical economists took an important part in the anti-corn law struggle; but here again their work was largely the rectification of a logical error into which Smith had been led by his obsession with the evil ways of traders and manufacturers. Malthus and Ricardo pointed out what Smith had overlooked, namely, that "landlords have a most decided interest in the rise of the natural price of corn; for the rise of rent is the inevitable consequence of the difficulty of producing raw produce, without which its natural price could not rise."[4] But the doctrine of rent was a contribution to economic theory only from the point of view of the elaboration of formal principles; doubtless Adam Smith would have joined the Anti-Corn Law League himself had he lived to see Parliament in the control—and the country at the mercy—of the landlord, as it had earlier been in that of the manufacturer.

[1] Malthus, 3d edition of the *Essay*, p. 172.

[2] Ricardo, *op. cit.* (Gonner's ed.), p. 82.

[3] *Ibid.*, p. 302.

[4] *Ibid.*, p. 298.

While these reforms greatly extended the scope of *laissez faire* doctrine they touched only certain phases of the great social problems which had been inaugurated by the rapid growth of factory production, and did not cut straight at the source of infection, as Adam Smith at least intended to do. To accomplish this task the classicists would have been obliged to alter their central doctrines—to make their theory take cognizance of the social needs of the day. Adam Smith was great enough to see that that is the function of economic theory; the classicists were not. They lived too soon after the overwhelming success of the initial promulgation of *laissez faire* to be able to modify their individualism even for the protection of the miserable victims of the early decades of the factory system. Malthus' refusal to admit the theoretical possibility of the evils of an apparent oversupply of labor being overcome except by a "moral restraint" which he had recognized in his first edition to be chimerical enough,[1] and Ricardo's heartless demonstration that "in the natural advance of society the wages of labor will have a tendency to fall," and that the only escape from the horrors of this process was the rather contradictory "stimulation" of the laboring classes "to have a taste for comforts and enjoyments"[2]—such doctrines were well calculated to win for economics the sobriquet of "Dismal Science."

The surprising thing, however, in view of the orthodox interpretation of the function of economics, is not that the classicists were dismal scientists, but that they were so unscientific as to take any cognizance of the need for social reform. After Malthus had formulated his principle of population in all its details in his first edition of the essay, he rewrote the whole thing, making no substantial changes in doctrine, but devoting his fourth book to a sermon on the virtues of a long and chaste bachelorhood. Ricardo stopped in the middle of his terrible chapter on wages and inserted a paragraph of gratuitous advice to the effect that if the laboring classes could be induced to acquire a standard of living involving a large margin of desirable but dispensable gratifications, the elasticity of that margin would ward off both indiscreet enlargement

[1] Malthus, 1st ed., in Ashley Classics, p. 14, ll. 3 and 4.

[2] Ricardo, *op. cit.*, p. 77.

of families in times of plenty and unbearable hardship in times of want. If economics is a descriptive science and the economist is a detached searcher for the laws of the universe, why should men like Ricardo and Malthus have paused even to notice such mundane affairs as these? Why, if his business was only that of a clear expositor of the operation of social principles, should John Stuart Mill have gone quite out of the province of economic doctrine, as he himself formulated it, to defend state regulation of the hours of labor,[1] governmental protection of the unwise consumer,[2] the direction of industry by the association of laborers with the capitalist and of laborers with one another,[3] and even the progressive taxation of incomes and consumption?[4]

The answer seems to be, as has already been suggested, that in spite of their obsession with the doctrines which they had assembled around Adam Smith's conception of the "natural" organization of society, the economists of the nineteenth century were unable completely to avoid the social problems of their own times. They assumed the rôle of reformers in spite of themselves, and therefore they turned aside every now and then—more and more frequently as time went on—to meet the demands of their own social situation. With John Stuart Mill there was already a considerable body of extraneous economic theory—such as that mentioned above—which had but little relation to the system, and was called into existence in a different manner from the main body of doctrine.

If this were an attempt at a demonstration, and not merely an illustration, of the theory here advanced of the functional history of economic thought, it would be necessary to study the latter part of the nineteenth century with the greatest care. Such a study will not be attempted here because it would represent too great a diversion from the main purpose of the paper. The principal features of the transition from the economics of "approbation" to the economics of "reconstruction" are, however, first, the rapid growth in importance of extra doctrinal economics, which was brought to

[1] J. S. Mill, *op. cit.*, Book V, chap. xi, par. 12.

[2] *Ibid.*, Book V, chap. xi, par. 7.

[3] *Ibid.*, Book IV, chap. vii, par. 4.

[4] *Ibid.*, Book V, chap. iii, par. 5.

a head by J. B. Clark's distinction between the older economics as the theory of a hypothetical "static" order and the newer speculation as the theory of the "dynamic" order, in which the exact operations of the classical principles are always disturbed by the forces of change; and, second, the growing tendency through the last two decades to expose and ruthlessly criticize the most fundamental assumptions of orthodox theory—a tendency which, perhaps, finds its culmination in a series of articles by J. M. Clark, now in process of publication.[1] Furthermore, that each of these tendencies is actuated by the growing perception of the absurd inadequacy of the fundamental notions of orthodox economics as the basis of a theory of progressive control of modern industrial society is a fact too generally recognized to demand more than mere mention.

VII

If, then, the interpretation of the natural history of economic doctrines which has been suggested in this paper is correct, one complete cycle has expired since the period of Adam Smith. The present generation should, according to this view, be undergoing a general social reconstruction reaching far down among the basic institutions of the economic order. And at the same time a new economic doctrine should be in process of formation as one of the instruments of control over the process of social renovation which should be as unlike the doctrines that underlay the old order as the individualism of the physiocrats and Adam Smith was unlike mercantilism.

There is a considerable amount of evidence that this is actually the case. Not only have many economists come to the conclusion that "if the program of social progress does not harmonize with the existing economic science . . . . the fault is with economics";[2] but also in the last few years four notable attempts to correct this fault have been going on. Veblen, Hobson, Cannan, and Clay have systematically attacked the problem, not of revising economic doctrine, but of giving an account of the modern social order which

[1] The first of these articles appeared in the *Journal of Political Economy*, XXVI, 1.

[2] Davenport, *op. cit.*, p. 528.

shall square with the facts of social injustice and thus be relevant to the needs of the age.[1]

In three respects the work of these men is exactly parallel to that of Adam Smith; in a fourth it is equivalent to Smith's work though necessarily divergent from it. First, instead of following the practice of the doctrinaire economists of making their books consist of discussions of "economic principles," they omit "a great deal of the discussion of wages, profits, and rent, which had some local importance a hundred years ago but is now obsolete,"[2] and they set out to give a thoroughgoing account of the structure of modern economic society and the manner in which that structure is dominated by the "machine process." Adam Smith began his book with a description of the division of labor, and followed that with a discussion of the manner in which business enterprises were then carried on by individuals and by nations. Secondly, they are as absolutely ruthless in their exposure of the fallacies involved in the supposition that the incomes which accrue to "pecuniary magnates are commensurate with their services to society," and they are as firm in their insistence "that the gains of these larger business men are a function of the magnitude of the disturbances which they create rather than of the productive effort,"[3] as Smith was in his attacks upon "those who live by profit." Thirdly, both before[4] and during the war[5] they have maintained, as Smith did, that it is not the welfare of nations which is served by the vast extension of the nations' commerce to include foreign and especially semicivilized countries; instead of this it is "the contrivers of the whole system" who profit —the mercantilists and exporters of speculative capital, dynasties, and dynastic statesmen. Fourthly, like Smith they have endeavored to formulate a conception of social welfare upon which to build; but, as Hamilton has pointed out,[6] their task has not been as easy as Smith's.

[1] L. C. Marshall's *Readings in Industrial Society* is an important addition to this literature.

[2] Cannan, *Wealth*, Introduction, p. viii.

[3] Veblen, *Instinct of Workmanship*, p. 354.

[4] Hobson, *Imperialism*.

[5] Veblen, *The Nature of Peace*.

[6] W. H. Hamilton, "Economic Theory and Social Reform," *Journal of Political Economy*, XXII, 568.

Unlike Smith and the later economists, Hobson is concerned with a state of social well-being that can be attained only by conscious effort. It must be reached by careful planning, not by the automatic operation of a let-alone policy. He is therefore compelled by his problem to set up an elaborate standard of social welfare, appraising in their complex mutual relations all the elements of a well-ordered social whole.

VIII

If the question whether economics is a descriptive or a directive science arose from a complete disjunction, it would be necessary to infer from the interpretation of the function of economic science proposed in this paper that the economics of the past has not been descriptive. But such a conclusion would be patently false. For even if it be granted that the problems of the science of economics have always been determined by the needs of the social order and that they always must be so determined, it certainly does not follow that economists are therefore not interested in obtaining really efficacious solutions of those problems. And of course the efficacy of the economist's thinking must depend upon the clarity of his vision—that is to say, upon the extent to which his scientific generalizations are true descriptions of the institutional order. A directive science must necessarily be a descriptive science.

Furthermore, it seems probable that the converse of this proposition is also true. However "pure" a science may be, however remote from "practical affairs" may be its search for the ultimate, it must proceed from the conviction that ultimate truth is somehow worth having, that having it would somehow make a difference in men's lives. The difference between sciences in point of practicality, therefore, seems to be, not even a difference of degree—since the most absolute science must contribute to some human need—but rather a difference in the nature of the problems of living to the solution of which the sciences contribute. The essential thing for every scientist to understand is, therefore, not whether his science is "pure" or not, but what the actual problems are about which all his scientific studies must be massed. It is to this understanding that such studies as the one here presented ought to contribute.

CHAPTER III

ETHICS AND ECONOMICS

A STUDY IN THE DEFINITION OF TWO SCIENCES

I

The relation between ethics and economics is generally conceded to be peculiarly intimate. It is decidedly more intimate, for instance, than such a relationship as might be supposed to exist between any two random sciences by virtue of their both being corralled somewhere within the field of human knowledge.

This much is an inescapable inference from the fact that so many of the men who have attained to eminence in one science have also found themselves drawn into a discussion of various matters claimed exclusively by the other. Not only was such economic writing as was done prior to the eighteenth century done almost exclusively by philosophers and theologians who wrote much more voluminously on ethical subjects, but many of the greatest figures in the history of modern economic theory may be classified as ethicists with equal propriety. Thus the *Wealth of Nations* was developed out of the lectures on the principle of expediency, the fourth part of the course of lectures Smith delivered from the chair of moral philosophy at Glasgow; Ricardo was a member of a group of men best known for their ethical theories; Mill is generally reputed to have developed the ethical phase of the thinking of the Benthamites as much as he did the economic.

At the same time it is patent that this evidence of common interest does not justify in the least the assumption that there is any great unanimity of opinion or even clearness of mind with regard to the exact nature of this relationship between ethics and economics. Thus, for instance, both Carver and Veblen, among American economists, give more than a little explicit consideration to ethical assumptions and implications; yet no one would think of attributing to them the same opinion on any subject. Moreover, quite a number of American ethicists have made a special study

of economics—e.g., Tufts, Perry, Fite, Stuart—without producing even a majority opinion.

Indeed, the exact nature of a science, what it is and what it is driving at, its relation to the work of other sciences, is a matter upon which men find it very hard to agree. This is not so much due to wide and strongly held differences of opinion on those doctrines and methods which form the substance and content of each science. It is due rather to the difficulty of determining how each science may best be characterized and what are the proper differentiae to be employed in plotting the lines between each science and its nearest neighbors.[1] It is essentially the difficulty which attends every attempt to deal with abstract ideas. Such attempts lead naturally to the construction of a framework of sensory imagery by means of which the ideas become metaphors and so get "understood" after a fashion. Thus a science may be metaphorically treated by the employment of two different sets of images, visual and auditory. According to one a science is conceived as located in space, occupying a certain field bounded by the fields of adjacent sciences. In the auditory metaphor a science is characterized by certain word sounds which are assumed to typify its entire subject-matter. It is related to other sciences through their common use of some of the same word symbols in combination with others peculiar to those sciences. This, of course, is the "concept" method. Both methods have been used to distinguish ethics and economics and to characterize the relation between them, and both methods have proved very misleading.

II

By far the commonest distinction between ethics and economics is the one summed up in the phrase "business is business." According to the popular theory ethics and economics, morals and business, prevail in the spatially separate spheres of the personal life of the home and the impersonal struggle of the commercial

[1] Thus Davenport says of the differences between Fite and Stuart: "It will be obvious that our two philosophers need not, and very possibly do not, at all disagree as to the psychology of desire, but only as to the delimitation of the economic field, or possibly also as to the meaning of economic law." "Scope, Method, and Psychology in Economics," *Journal of Philosophy, Psychology, and Scientific Methods*, XIV, 623.

world. There is a parallel to this in the temporal limitation of ethics to the seventh day, economics holding sway through the six days of the working week. He is a wise man who confines each set of principles strictly to its own jurisdiction. "You can't mix morals and business."

This sharp distinction between two entire phases of life has its origin, as everyone knows, in Christian, or rather Pauline, theology. Every man leads two lives, one with reference to the affairs of this world by which the other is supported, the other with reference only to the world to come. "The flesh is for the soul, as the matter for the form, and the instrument for the principal agent. And therefore the flesh is lawfully loved, so that it be directed to the good of the soul as to its end. But if the last end is set up in the mere good of the flesh, the love will be inordinate and unlawful."[1]

This spatial and temporal view of the relation between ethics and economics is by no means peculiar to the common man, nor is it expressed exclusively in the language either of learned doctors of theology or of corrupt laymen. For instance, Croce expounds much the same "visual" theory from the platform of Hegelian metaphysics. The economic is the particular; the ethical is the universal. "The economic activity is that which wills and effects only what corresponds to the conditions of fact in which a man finds himself; the ethical activity is that which, although it corresponds to these conditions, also refers to something that transcends them. To the first correspond what are called individual ends, to the second universal ends."[2]

Of course Croce would maintain that these two things, the "judgment of convenience" and the yearning toward the "universal end," contain each other. But after all the picture is really of two separate phases of life. The "concrete universal" idea is really a logical device for decreasing the visibility. It blurs the picture, but it leaves the economic and the ethical still essentially distinct. And the phases of interest are in all essentials those

[1] St. Thomas, *Summa Theologica*, Part II, Question LV, art. i. The language of this quotation is, of course, Aristotelian; Aristotle contributed the metaphysical form in which the religious doctrine was expressed.

[2] Croce, *The Philosophy of the Practical* (Ainslee's translation), p. 312.

presented in ecclesiastical theory. All affairs of this world belong to the economic phase;[1] the ethical phase is fundamentally otherworldly.

However, this visual metaphor—this picture of separate fields of economic and ethical activity—does not necessarily postulate a higher spiritual world to which the soul turns in the intervals of mundane employment. Even in the popular mind the distinction between business and morals implies the further contrast between one's dealings with large numbers of personally unknown and remote business men and one's intimate relations with the members of one's own family and neighborhood and set. There is honor among friends, though they be thieves; but on the market let the buyer beware.

Fite has probably given this variant of the separate field theory its most articulate expression. "All of the characteristic differences between the moral world and the economic world," according to Fite, "may be derived from the familiar distinction between personal acquaintance and business acquaintance, between intimate acquaintance and more distant acquaintance. The economic world is the world of distant acquaintance."[2]

Of course it is obvious that life does fall into certain temporally and spatially distinct phases. On Sunday we worship and abstain from work; on week days we work and abstain from worship. Our places of business are spatially remote from our homes. To this extent the metaphor is an accurate picture of our lives. But can these temporal and spatial distinctions be taken as not only metaphorically but literally indicative of the distinction between morals and business, and so between ethics and economics? Or does the visual imagery do violence to the abstract ideas? Examination with a skeptical eye seems to indicate that it does. Christian theology has never recognized the affairs of this world as outside the field of Christian ethics. On the contrary, the only significance of the gospel of the other world is to bring the whole of life under the jurisdiction of the church. That, I take it, is the

[1] Hence Croce's classification of hedonistic ethics as economics.

[2] "Moral Valuations and Economic Laws," *Journal of Philosophy, Psychology, and Scientific Methods*, XIV, 6.

burden of the passage quoted from St. Thomas. There is no doctrine more obnoxious to any church than that the whole duty of man is to go to church on Sunday. Again, if the picture of the other world fades until no human meaning is any longer visible in it, as is the case with Croce's metaphysics, then by the same token the alleged distinction between two phases of interest fades with it, and the whole of life is seen to be included in the phase of the "judgment of expediency." Croce did well to make it embrace utilitarianism. The whole thing is there, ethics with economics.

Furthermore, the claim that the line between personal and business life is the actual—and not merely metaphorical—line between moral valuations and economic laws is equally hard to maintain. If morality could be conceived as mere obedience to the canons that regulate social intercourse, so that no questions might be raised as to the morality of those canons themselves and the institutions upon which they are based, one would still have to explain how business could be conducted if there were not in the business world just as in private life perfectly well-recognized canons of reputable conduct, and why obedience to them is not as much a matter of morality as scrupulous conduct in any other walk of life. And of course ethics is not merely the study of established mores, anyhow. A whole system, such as the present competitive system including the moral order which is a coherent part of it, may be better or worse than a conceivable alternative, state socialism for instance; it certainly is not a matter of moral unconcern, as Fite seems to imply by tacitly assuming it to be the only conceivable order.

The conclusion seems to be that visual imagery invariably does violence to the facts. The picture of distinct fields, lying side by side or widely separated, simply will not do. Life may be divided into separate spatial and temporal compartments; but that division is purely formal. It has nothing to do with the definition of the sciences.

III

The dominance of sounds over the human mind is probably still more complete and inescapable than that of pictures. The susceptibility of even the stoutest mind to the charm of rhyme, cadence,

and alliteration is too familiar and too scandalous to warrant description. Philosophers in particular have always been subject to the poetic fallacy, to such an extent, indeed, that one could almost review the history of philosophy in a long series of resounding phrases—macrocosm and microcosm, *causa sufficiens* and *causa efficiens*, *mundus intelligibilis* and *mundus sensibilis*. But the infection has not been confined so closely to philosophers as to render economists immune. One American economist, I am told, has reduced the entire social order to three great principles: satiety, variety, and propriety.

There is another reason, however, besides that supplied by aesthetics, for the hold words have on thinking. Words are indicative symbols. Their use is to represent something or other. They are very valuable and not at all dangerous so long as they are representative of concrete objects; but as soon as abstract ideas and complicated problems come in for verbal analysis the use of language at once becomes full of danger for the clear thinker, for it is just as easy to attach a word to an unclear idea or to an unsolved problem as to the most carefully reasoned conceptions. Indeed, it is much easier; for since we demand some sort of explanation of everything, and since most things are beyond adequate explanation, we habitually leap at purely verbal solutions.

Thus a child who has no notion whatever of the most obvious physical facts of reproduction is satisfied with the explanation that his resemblance to his father is due to "heredity." And a highly sophisticated person feels the same satisfaction with an explanation which uses the phrases "Mendelian unit character" and "chromatin material," though of course no one has a very clear idea what a unit character is like when it is still resident in the parent cell or how it develops in the earlier and determining stages of cell division.

It is this demand for an explanation and this readiness to accept one that is purely verbal that has wrought confusion in philosophy, for adequate solutions of philosophical problems have always been peculiarly difficult to attain. Thus Bradley derides Spencer for calling the unknowable "God," apparently, says Bradley, because

he didn't know what the devil it is.[1] And Spencer could with equal logic cry "black pot and kettle" at Bradley. Certainly Spencer's knowledge either of God or of the unknowable could hardly be less than Bradley's stock of information about the absolute. Each has, in fact, capped a complete and avowed skepticism about the noumenal world with an ear-satisfying word and let it go at that.

There would be nothing in this to arouse a logician's scorn were it not that the word selected in such instances invariably brings with it unfortunate complications. It is originally chosen as a fair generalization of the group of ideas for which it stands. Yet inevitably it throws undue emphasis in some one direction or carries over malapropos suggestions from previous uses and so causes endless misunderstanding. Thus Bradley's objection to the employment of the word "God" as a description of the unknowable would be that it unquestionably implies an anthropomorphic super-personality in the minds of most people—an implication that is flatly contradictory to Spencer's conception of the cosmos. So also biologists constantly object to the glib use of the word "heredity" by people whose knowledge of the mechanism of generation does not enable them to distinguish between the transmission of unit characters and infection.

Indeed, it seems clear that the actual meaning of any word depends absolutely upon the context in which it is used. It has a certain general connotation, hinted by the dictionary, carried over from past usage, and it is not held to be properly used unless in a context somewhat similar to these others. Yet the exact shade of meaning must be argued, not from the a priori value the word has gathered from its past, but only from the particular ideas which are obviously implied in the context and intended there to be the meaning of this word.

If this philosophy of language has any truth in it, then it necessarily follows that it will not do to recite a pair of words and consider that the relations between the sciences for which they stand have been enunciated. What if ethics is the science of "the good," and economics the science of "the expedient"? The

[1] *Appearance and Reality*, p. 128.

question what goodness and expediency mean in this connection simply restates the initial question as to what ethics and economics are here supposed to be. The same is true of the words "normative" and "descriptive," which are supposed somehow to set off the two groups of sciences to which ethics and economics are assigned.

You may revert to the value aspects of the two sciences without changing the situation in the least. Thus a group of men in Germany and America, voicing a general protest[1] against von Wieser's appropriation of all value phenomena, have described ethics and economics as two branches of "value theory." Thus ethics is the "Psychologie der sittlichen Wertthatsachen"[2] and deals with "absoluten Werten," while economics is the "Psychologie der relativen Wertmassbestimmungen."[3] This involves the suggestion that ethics is distinguished by the fact that it deals with values that *are* values, whereas the values of economics exist only with reference to each other. But all this obviously means to generalize certain conceptions of those sciences which are still in the background. The contrast-phrases only point back to those conceptions.

No account of the business of a science and of its relations to other sciences can be anything like adequate that does not bring up into the full light of critical discussion those underlying notions of the function and the problems of the different sciences which have determined the visual and auditory imagery in which those sciences are commonly pictured. This has been clearly recognized by at least one economist. Economics, says Edwin Cannan, is the science of wealth. "And consequently I shall treat the question 'What is wealth?' as exactly the same question as 'What is it most convenient to take as the subject-matter of economics?' . . . . I will proceed therefore to ask what is in fact the usual subject-matter of books and lectures on economics."[4] And he

[1] Cf. Meinong, *Psychologische-ethische Untersuchungen zur Wert-theorie*, p. 5, footnote; Urban, *Valuation*, p. 3; Perry, "Economic Values and Moral Values," *Quarterly Journal of Economics*, XXX, 445.

[2] Ehrenfels, *System der Wert-theorie*, II, 5.

[3] *Ibid.*, I, 74.

[4] *Wealth*, chap. i.

prefers to characterize economics, not by a verbal reference to a subject-matter that is determined by its problems, but by a statement of those fundamental problems themselves, viz., "Why all of us, taken together, are as well off—or as ill off, if that way of putting it be preferred—as we are, and why some of us are much better off and others much worse off than the average."[1]

In somewhat the same fashion Perry, who regards ethics and economics as "value" sciences, nevertheless insists that he selects the word "value" because it is a colorless term,[2] and that "interest," upon which value depends, must be left ambiguous, so that the meaning of those words and of the relation between ethics and economics which they are used to imply will be determined solely by his subsequent account of the actual problems of those sciences.

This being the case, it hardly needs to be mentioned that the meaning which is infused into the visual and verbal apparatus of understanding is directly contingent upon the adequacy of the conceptions which lie behind. Thus the phrases with which the value theorists seek to invest ethics and economics seem empty and futile because their notions of ethics and economics are wholly inadequate. They have devoted themselves with great fervor to the psychology of evaluation, a process that has both ethical and economic significance; but they leave the institutional order—which after all is the determinant of most moral and pecuniary values—completely out of their calculations.[3] Indeed, a thorough discussion of the problems both of ethics and of economics must center in the structure of society and the changes it is undergoing.

IV

It has been customary in the past to think of ethics as a purely individualistic science. Ethicists have busied themselves chiefly with a description of the moral reactions of the individual human personality. They have dealt with the moral judgment; their

[1] *Wealth*, Preface.

[2] "Economic Values and Moral Values," *Quarterly Journal of Economics*, XXX, 445.

[3] For a very thorough and suggestive study of the relation between problems of value and the other problems of economic theory see W. H. Hamilton, "The Place of Value Theory in Economics," *Journal of Political Economy*, XXVI, 217, 375.

conclusions have been formulated in a "moral sense," in the "feelings of pleasure and pain," in the "categorical imperative."

But that sort of ethics is no longer possible today. In the first place, the moral traditions to which individuals give expression are now seen to be social rather than supernatural in origin. And the discrepancies between the conscientious conduct of one society and that of another are therefore attributed, not to varying degrees of insight into eternal truth, but to differences of situation and institution. Consequently it is no longer possible to exclude from ethics problems of comparative morality and the question whether all goodness and righteousness can be assumed to belong exclusively to one stage in the evolution of society—presumably our own.

At the same time it has become increasingly clear that the chief significance of a moral act depends, not upon its effect on the otherworldly fortunes of the actor, but upon the maintenance or the modification of the moral traditions which are constituted by the combined moral opinions of the whole society. This means, of course, that morality implies responsibility, not merely for one's own soul, but for the continued good health of the social order.

This being the case, moral insight can hardly be described merely as a robust condition of the "conscience" or the "moral sense." Moral insight is insight into the whole structure of society; the moral interest is an interest that includes the fortunes of institutions as well as of individuals. To live a moral life is to live so that the whole moral order of society—which dictates your fortunes with everyone else's—may be infinitesimally the better for your having lived. And that depends not upon any specialized organ of moral inspiration but upon the accumulated wisdom of a man's entire life. It is not a special problem; it is the problem of living.

So it is with ethics. Its problem is the problem of life as a whole. Its instrument is the accumulated wisdom of the race. Its product—necessarily incommensurable and even invisible—is the state of the common mind reflected in the institutional order. It is not a "special" science with a particular "field" and subject-matter and with methods and apparatus peculiar to its task. The

ethical problem is the general problem in contrast with which it is possible to speak of others as "special."

This suggests the relation which other sciences necessarily bear to ethics. Taken all together they comprise the accumulated wisdom of civilization. They represent that knowledge of the world and of our own natures upon which all progress in the art of living depends. Such at least is the claim which scientists are accustomed to make for their work. "Every proposition in physics or astronomy or chemistry or zoölogy or mathematics, or any other branch of science, is a rule of conduct facing the future—a rule saying that if such-and-such be true, then such-and-such must be true; if such-and-such a situation be present, then such-and-such things will happen; if we do thus-and-thus, then certain statable consequences may be expected."[1]

It is, of course, highly dubious that every science does actually contribute solely to the fund of knowledge available for the solution of our most pressing problems. Indeed, it is possible to hold quite the contrary opinion. Not only do some investigations appear to be undertaken primarily for the delectation, or even the endowment, of the investigators, but a great proportion of our most reputable scientific research seems to have as its only important fruit that sort of "control over nature" which may possibly be considered a doubtful blessing. That is, the question may at least be raised whether, as Veblen suggests,[2] invention is not the mother of necessity and therefore science the grandmother of all the ills incident to the rapid changes it engenders.

Neither of these charges can be brought against economics, however. Not only is ethics as a social science directly dependent upon the other social sciences, but it may be fairly said that it was the study of society that socialized ethics by compelling men to see the social origin and effects of every act. Naturally it is neither profitable nor possible to place a quantitative estimate upon the proportion of "social" and "individual" elements in ethics. To attempt to do so would be to revert to the hazy

[1] W. K. Clifford, adapted by C. J. Keyser, *Human Worth of Rigorous Thinking*, p. 173.

[2] In *The Instinct of Workmanship*, and elsewhere.

visual imagery of the pair of balances and the separated physical constituents of a mixture. Ethics is wholly social, and there is no such thing as an individual, in the sense that it is absurd today to think of a "moral agent" without at the same time thinking of him as a social product capable of producing certain changes in the social structure that surrounds him most intimately. It would be equally futile to attempt a quantitative statement of the importance for ethics of the study of the economic structure of society. Every man is an economic man, and therefore a knowledge of the pecuniary institutions that govern not only conduct but belief and predisposition as well is indispensable for an understanding of the problems of living.

Furthermore the contribution which economics makes to the general attempt to strike a solution of the problem of living is obviously its only reason for being. Whatever may be the motives which impel any individual economist, the science finds its only use in its contribution to the attack upon this general problem. An individual economist may be a "pure" scientist in the sense that he is not consciously trying to be of any use in the world, or he may be a "practical" economist in the sense that he is using his special knowledge for his own pecuniary gain. Yet he cannot gainsay the fact that the one important effect of increased understanding of economic institutions is an increased capacity on the part of society at large to manage its affairs.

In this sense the problem of economics is to contribute its study of industrial society to the solution of the problem of living. It represents one phase of the general moral problem. It has special problems of its own—questions of fact about the pecuniary order; but the question of fact, "What is the nature of the economic organization of society?" draws all its significance from the larger question, "Wherein ought the existing order to be altered?"

This conception of the relation between ethics and economics is not original or new. Indeed, the objection that is most likely to be made to it is that it is so obvious and at the same time so general that it makes no contribution to either science. But, after all, that is in the nature of the case. Philosophizing seldom if ever unearths new and hitherto unsuspected truths. Its product

is far more likely to take the form of a certain attitude toward the problems and perplexities of life. When one philosophizes about the sciences one must not expect to turn up new facts, as in an experimental research. But one may reasonably hope thereby to achieve a larger vision of what one is about, in ethics and in economics, and to that extent to add somewhat to the precision and relevancy of one's ethical and economic speculation; for if the attempt to understand the relation between the two sciences leads ethicists and economists away from superficial metaphorical conceptions to the most fundamental characteristics of their work, all their future labor must necessarily express a somewhat clearer perception of its own meaning and purpose.

There is also something to be gained in humbleness of spirit; for if the whole problem of living is the business of ethics it is evident that the professional ethicist can hardly appropriate for himself the solving of that problem, nor can the economist fail to see that the task which devolves upon him demands that he be a student of ethics ex officio. For one may call one's self a physicist, but not a philosopher. Philosophy is every man's business; the professional students of ethics are only the spokesmen for the philosophical insight of all the world.

They exist, not to save everyone else from thinking, but to stimulate thought. Theirs is not the impossible task of solving the problem, but that of directing the attention of others to its vastness and its difficulty. It is for them to call upon every man, economist and chemist, theologian and geographer, to be an ethicist himself and to play the part which is assigned to him, not narrowly, but with a clear vision of the final significance of his own work and of the other sciences as well.